The Role of Employers in Phased Retirement

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Table of contents

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Summary

Phased retirement allows older workers to combine part-time pensions and wages and to remain productive until or beyond the state pension age (AOW age). It also has non-economic benefits, as it allows workers to gradually adjust to a different way of life and to increase their vitality. Flexible pension products that allow for phased retirement were introduced in compulsory occupational pension schemes in the past twenty years, thereby increasing labor market participation among older workers. More recently, subsidized phased retirement schemes have been introduced in collective labor agreements. Access to phased retirement can increase the total labor supply of older workers. All in all, facilitating phased retirement is a promising policy that can alleviate the pressure of an aging society.

In stated preference surveys, more than one third of workers state an interest in phased retirement, but a much smaller fraction uses it in practice, suggesting that employers do not always offer the possibility of phased retirement, thereby limiting access. In this paper we first analyze survey data on workers and ask about their perceptions of the restrictions on phased retirement imposed by their employers and pension provider. We then also use a survey among human resource managers and others responsible for personnel policy to examine the restrictions on phased retirement in their organizations. In these surveys we not only collect information on establishment level policies but also ask about a specific worker's opportunities for phased retirement.

Our survey data suggest that few Dutch organizations do not offer phased retirement at all, in line with the Dutch institutional context that aims at accommodating workers who want to reduce their hours of work. On the other hand, not every worker has access to phased retirement: many employers offer phased retirement to a selective group of employees only, depending on the nature of the job and on worker characteristics. These findings largely corroborate existing findings in the literature. For example, the productivity of older workers relative to younger colleagues matters, and opportunities for phased retirement are less common for jobs where part-time work is less prevalent.

We find that formal phased retirement policy is important, since case-by-case decision on providing phased retirement options implies fewer phased retirement offers. However, such formal policies are not very common, and if available, they often allow for exceptions. To better exploit the advantages that phased retirement can bring, we present several policy recommendations. We find low awareness of phased retirement options among employees, suggesting that information campaigns can be useful. This can be combined with current initiatives to increase awareness and knowledge of available pension wealth at retirement.

Having a formal phased retirement policy is strongly associated with providing options for phased retirement, suggesting that a formal policy helps. There may be an important

role here for social partners and collective labor agreements in formalizing and standardizing the arrangements. Collective labor agreements may also help to spread awareness of the importance of phased retirement opportunities.

Finally, an important role lies with pension funds, since flexible pension arrangements are crucial for the success of phased retirement. By enabling partial pension withdrawals, older employees can reduce their working hours without facing significant financial hardship. This approach is already included in most Dutch occupational pension arrangements, but the actual implementation is fragmented across sectors and companies. Further enhancements and greater awareness across industries are needed to make it more accessible. Pension funds can play a crucial role in the success of sectoral or firm-specific phased retirement programs, including subsidized programs such as the Generation Pact.

Samenvatting

Gefaseerde pensionering stelt oudere werknemers in staat om loon of salaris te combineren met deeltijdpensioen en productief te blijven tot de wettelijke pensioengerechtigde leeftijd of zelfs daarna. Het heeft ook niet-economische voordelen: werknemers kunnen zich geleidelijk aanpassen aan een andere manier van leven, en het verhoogt bijvoorbeeld de vitaliteit van de betrokken werknemers. In de afgelopen twintig jaar zijn in tweede-pijlerregelingen flexibele pensioenproducten geïntroduceerd die gefaseerde pensionering mogelijk maken, als middel om de arbeidsparticipatie van ouderen te vergroten. Meer recent zijn gesubsidieerde gefaseerde pensioenregelingen geïntroduceerd in cao's. Gefaseerde pensionering kan het totale arbeidsaanbod van oudere werknemers vergroten en is daarmee een interessante beleidsoptie om de druk van de vergrijzende samenleving te verlichten.

In enquêtes geeft meer dan een derde van werknemers en gepensioneerden aan geïnteresseerd (geweest) te zijn in gefaseerde pensionering, maar een veel kleiner deel maakt(e) er in de praktijk gebruik van, wat suggereert dat werkgevers niet altijd de mogelijkheid van gefaseerde pensionering aanbieden of dat er andere belemmeringen zijn. In dit paper analyseren we eerst enquêtegegevens van werknemers en vragen we naar hun perceptie van de beperkingen op gefaseerde pensionering door hun werkgever en pensioenuitvoerder. Vervolgens gebruiken we een enquête onder HR-managers en anderen die verantwoordelijk zijn voor personeelsbeleid, om de beperkingen op gefaseerde pensionering in hun organisaties te onderzoeken. In deze enquêtes verzamelen we niet alleen informatie over het beleid op niveau van de organisatie, maar stellen we ook vragen over de mogelijkheid voor een specifieke werknemer om gefaseerd met pensioen te gaan.

Uit onze enquêtegegevens blijkt dat maar weinig organisaties helemaal geen gefaseerde pensionering aanbieden, in lijn met de Nederlandse institutionele context die erop gericht is werknemers te faciliteren die minder willen werken. Maar aan de andere kant heeft niet elke werknemer toegang tot gefaseerde pensionering - veel werkgevers bieden gefaseerde pensionering alleen aan voor een selectieve groep, afhankelijk van de aard van de baan en de kenmerken van de werknemer. Deze bevindingen bevestigen grotendeels de bestaande bevindingen in de literatuur. Zo is de productiviteit van oudere ten opzichte van jongere collega's van belang, en zijn mogelijkheden voor gefaseerde pensionering minder gebruikelijk voor banen waar deeltijdwerk in het algemeen weinig voorkomt. Wij vinden dat een formeel gefaseerd pensioenbeleid belangrijk is, aangezien "case-by-case"-beleid gepaard gaat met veel minder gefaseerde pensioenmogelijkheden. Zulke formele generieke regelingen zijn er lang niet overal, en als ze er zijn, staan ze vaak uitzonderingen toe.

Om de voordelen die gefaseerde pensionering kan opleveren beter te benutten, doen we enkele beleidsaanbevelingen. We zien dat werknemers zich weinig bewust zijn van gefaseerde pensioenopties, wat suggereert dat voorlichtingscampagnes kunnen helpen.

Formeel beleid is sterk positief gerelateerd aan het aanbieden van gefaseerde pensionering. Dit suggereert dat formeel beleid helpt. Hier kan een belangrijke rol weggelegd zijn voor de sociale partners en cao's bij het formaliseren en standaardiseren van de regelingen, die ook kunnen helpen om het belang van gefaseerde pensioneringsmogelijkheden onder de aandacht te brengen.

Tot slot is er een belangrijke rol weggelegd voor pensioenfondsen, want flexibele pensioenregelingen zijn cruciaal voor het slagen van gefaseerde pensionering. Door deeltijdpensioen mogelijk te maken, kunnen oudere werknemers minder werken zonder financiële problemen. In de meeste Nederlandse bedrijfspensioenregelingen kan dit al, maar de uitvoering is versnipperd, zowel in sectoren als individuele bedrijven. Verdere verbeteringen en een groter bewustzijn in alle sectoren zijn nodig om deeltijdpensioen toegankelijker te maken. Pensioenfondsen kunnen een cruciale rol spelen in het succes van sectorale en bedrijfsspecifieke gefaseerde pensioenprogramma's, waaronder gesubsidieerde programma's zoals het Generatiepact.

1. Introduction

Phased retirement refers to the situation where older workers gradually reduce their working hours and effort while staying in the same organization, such as by combining earnings with a partial pension so as to keep total income at the full-time work level. Phased retirement can help retain older workers in the labor market and increase old-age labor supply compared to full retirement only. Phased retirement can thus contribute positively to the sustainability of the pension system. Analyses of phased retirement, and especially of the obstacles thereto, can contribute to the debate on the benefits of subsidized partial retirement schemes. Prior research has mainly focused on workers' choices regarding phased retirement. However, little is still known about the employer side of providing phased retirement. This study contributes to our understanding of how employers' and workers' preferences for phased retirement match.

From the point of view of the worker, phased retirement has several potential benefits. In the words of Hutchens and Grace-Martin (2006), it can "produce a more fulfilling end to a lifetime of work." Compared to working full-time, it makes the job less stressful and demanding, with an only limited drop in total income. It enables gradual development of new activities to get used to a different lifestyle, where less time is taken up by paid work, and it allows gradual development of a social network that replaces work-related contacts. It comes with lower transition costs than other forms of gradual retirement, such as a bridge job, where the individual leaves his or her career job and accepts an altogether different job with a new employer, or becomes self-employed, usually on a part-time basis and with less challenging work than in the career job.

Not surprisingly therefore, survey data generally show that many individuals prefer phased retirement to abrupt retirement. But the stated interest in phased retirement appears to be much higher than its actual prevalence. Obvious explanations are the restrictions imposed by employers or institutions. Currently, employers face substantial financial deterrents to introduction of partial retirement. In some cases, defined benefit (DB) pensions depend on final earnings (not adjusted for a part-time factor), thus making it more attractive to continue working full-time till retirement, so to be assured of a maximum pension accrual. In all cases, such deterrents also exist because of the '*doorsneesystematiek*', which implies that pension contributions lead to an actuarially more generous pension accrual at higher age. Another potential problem is presented by pension regulations that hamper the combination of salary and pension from the same employer.

In this paper we focus on the role of the demand side and on the employer, which have been studied far less than employee preferences. For an employer and his or her company (or for one's own organization, if self-employed), phased retirement can have both advantages and drawbacks. One advantage is that phased retirement may stimulate retention of older workers with valuable expertise, who can gradually transfer their knowledge to younger workers. This can "increase productivity through preservation of firm-specific human capital" (Hutchens and Grace-Martin, 2006). On the other hand, phased retirement – and part-time employment more generally – also involves extra costs, such as fixed employee costs that are independent of the number of hours that the employee works. For some employers this leads to the application of minimum working hour requirements. Phased retirement and part-time jobs may be particularly unattractive in occupations where working part-time is difficult to organize, e.g. due to work schedules of specifically defined occupational tasks.

The goal of this paper is to gain better insight into why some employers and organizations facilitate phased retirement more than others. We do this in three ways. First, we provide an overview of the existing international literature on the topic. Second, we analyze Dutch survey data collected from employees (and self-employed workers), who answer questions on access to phased retirement at their employer (or in their own organization), expressing their views on whether and why the employer stimulates or hampers phased retirement of older workers in the organization (or why not). Third, we analyze new Dutch survey data on employers and human resource managers, who were directly asked about their firm's phased retirement policies and practices. Both sources of survey data provide information on whether (and if so, how) employers facilitate phased retirement. Additionally, the data provide information on the reasons why employers support phased retirement options for their employees. We analyze how these phased retirement practices and attitudes relate to individual worker characteristics (age, education, gender, and income), job characteristics (such as job satisfaction, productivity, and tenure), and firm characteristics (such as firm size, the prevalence of part-time jobs in the company, the sector of industry and the type of occupation). All these characteristics play a role according to theory and international empirical literature.

Our main findings are as follows. The literature review suggests that phased retirement has clear advantages for a worker's vitality. On the other hand, there is mixed evidence on the net labor supply effects of phased retirement, mainly due to the lack of policy reforms that introduce or subsidize phased retirement schemes that allow researchers to analyze the net labor supply effects. Therefore, several studies in the Netherlands took a survey study approach. Two of these studies found negative and one found positive effects of the introduction of a phased retirement option on the total labor supply of older age groups. The large discrepancy between the stated willingness of workers to reduce their working hours in the years prior to retirement and the actual use of phased retirement suggests demand-side obstacles.

Our survey data suggest that few Dutch organizations fail to offer phased retirement at all, as might be expected given the Dutch institutional context that aims at facilitating workers who wish to reduce their hours of work. On the other hand, not every worker has access to phased retirement: many employers offer phased retirement options only to a selective group of employees, depending on the nature of the job and on worker characteristics. These findings largely corroborate the existing findings in the literature. For example, the productivity of older workers relative to younger colleagues matters, and opportunities for phased retirement are less common for jobs where part-time work in general is not prevalent.

We find that a formal phased retirement policy is important, since case-by-case decisions on providing phased retirement options implies fewer offers. However, such formal policies are less common in firms with a large share of workers aged 55 and over, or where they do exist, they often allow for exceptions.

The remainder of this paper is organized as follows. Section 2 gives an overview of the existing literature on phased retirement, focusing on the role of employers. Section 3 describes the relevant institutional context in the Netherlands. Section 4 uses survey data to analyze the prevalence of phased retirement among current workers and retirees. In Section 5, we analyze data on how workers and former workers perceive their opportunities for phased retirement. In Section 6, we consider similar data on phased retirement access, but this time from a survey among respondents who are themselves responsible for personnel policy at their organization. Policy conclusions are drawn in Section 7.

2. Literature review

There is a growing body of literature on phased retirement programs, with focus on the advantages and disadvantages for workers, firms, and the economy as a whole. This even goes beyond economic outcomes. For example, Van Solinge et al. (2023) show that in the Netherlands, phased retirement has a positive effect on workers' vitality, by increasing energy levels and reducing fatigue, particularly for workers with high work-related stress.

From a macro-economic perspective, an important issue is whether facilitating phased retirement leads to the desired increase in total hours of paid work. It may increase participation in paid work, but since it also induces workers who would otherwise continue to work full-time to switch to part-time, it may reduce average hours of work for those who participate. The effect on total hours worked is therefore not clear. Börsch-Supan et al. (2018) analyzed policy reforms in many OECD countries that make retirement more flexible, including reforms that facilitate phased retirement. Considering male workers only, they found a zero or negative effect on total hours worked, casting doubt on the efficacy of introducing more flexibility as a tool to stimulate old age labor supply. However, the effect seems to vary substantially with the institutional context and the nature of the reform. For example, negative effects on total hours were found for phased retirement programs in Austria (Graf et al., 2011) and Norway (Hermansen, 2015). Berg et al. (2020), on the other hand, concluded that a policy introduced in Germany in 1996 that aimed at incentivizing phased retirement, mainly for employees and in a minority of cases also for employers, did not have any displacement effects on full-time work and that it increased the prevalence of part-time work at the cost of retirement, leading to an increase in total hours worked and net savings for the German government.

For the Netherlands, studies that analyze desired labor supply but do not consider possible restrictions from the demand side also find different results. For example, Elsayed et al. (2018) and Van Soest and Vonkova (2014) found that phased retirement reduces total desired hours worked, while Kantarcı et al. (2024) found a positive effect of phased retirement on total desired hours. However, if demand side factors affect those who choose between phased and early retirement and those who choose between phased and late retirement differently, the effect on labor supply (i.e., on desired working hours) may differ from that on actual hours worked. This is one reason why studying the attitudes of employers toward phased retirement is worthwhile.

Clark and Ritter (2020a) see phased retirement as one of the responses of employers to the challenges of an aging workforce and a shortage of qualified workers, in addition to life-long training and development. Phased retirement allows older workers to remain on the job longer, but it also allows for some additional hiring. They emphasize, however, that phased retirement programs are popular only in specific sectors such as higher education, where it is easy to organize part-time work or job sharing. Phased retirement programs in other organizations (including the US federal government) attracted only very few participants, often due to lack of incentives for the workers or for the organization, or due to confusion about institutional arrangements such as Social Security or Medicare. In line with this, Van Dalen (2021), showing that the use of partial pensions in the Netherlands is very limited, suggests that this is due to the complexity of the arrangements and lack of employee incentives.

Clark et al. (2020b), who conducted a survey among US employers in 2018, presented the prevalence of the most common reasons why firms do not adopt formal phased retirement programs: “not aligned with workforce strategy” (42%), “difficult to administer” (32%), “prefer informal policy”(29%), “compliance challenges” (26%), “too costly” (15%), and “lack of employee interest” (11%). For the Netherlands, Henkens et al. (2021) concluded that both financial and organizational barriers hamper employees from taking phased retirement at a larger scale, while employers often consider the phased retirement decision as a private decision of the employee.

Turek et al. (2020) analyzed data from surveys conducted among employers in the Netherlands in 2009 and 2017. They consider different organizational policies to manage an older work force. They treat part-time retirement as one of the “exit routes” to retirement and find that its use fell substantially between the two survey years, as well as the use of early retirement arrangements (both full-time and part-time). On the other hand, other measures such as ergonomic initiatives, training older workers, but also introducing more flexibility in working hours have become much more popular over the same time period.

The employer survey that we introduce in this paper was strongly inspired by the work of Hutchens and Grace-Martin (2006) and Hutchens (2010), who analyzed a survey, conducted in 2001-2002, on a representative sample of 950 US establishments, with questions that specifically focused on phased retirement of white-collar employees. Hutchens and Grace-Martin (2006) introduced a theoretical framework, in which a minimum constraint on working hours of each employee can help the firm to obtain higher profits, depending on production technology. In line with the theory, they found that firms that impose minimum hours constraints and are reluctant to offer part-time jobs in general also tend to be less willing to allow for phased retirement. This finding is confirmed by Albinowski (2024), using a quasi-panel covering 30 EU countries for the 2011-2021 period.

Hutchens and Grace-Martin (2006) also showed that offering phased retirement is less common in smaller firms and in firms that do not allow job sharing or flexibility in terms of work schedules, again confirming that production technology matters. On the other hand, they did not find empirical evidence for the “pension hypothesis” that defined benefit pension systems would hamper phased retirement compared to defined contribution plans that typically offer more flexibility. Neither did they find support for the idea that firms would be more willing to offer phased retirement if employee groups that greatly value phased retirement opportunities are strongly represented (their “employee demand hypothesis”).

The same survey data set on US establishments was also used by Hutchens (2010), who focused on the phased retirement opportunities of an individual white-collar employee with specific characteristics. After the generic question on access to phased retirement, the employer is asked to think of a specific older (55+) actual employee and to report how likely it is that this employee would shift to a part-time position. Hutchens found that 83.3% of all establishments offer some form of phased retirement, but among those where phased retirement is feasible, the specific selected employee has access to it in 72.3% of all cases. This already shows that employers are selective regarding which workers they offer phased retirement to.

Hutchens found a strong positive relation between the specific worker’s age and access to phased retirement. He gives two possible interpretations: older workers are more likely to quit if they don’t have the option of phased retirement and are thus offered this option more frequently by their employer, or the older workers who are still there at an age close to 65 are the most productive and valuable ones that the firm really wants to keep. In line with the latter explanation, phased retirement is also more likely to be offered to “high performers” who work independently and require little supervision. Hutchens also found that phased retirement is feasible more often for jobs where part-time work is common and for jobs where it takes more effort to find a replacement. Other associations are more ambiguous, with the statistical significance depending on which other variables are included in the specification. The evidence generally suggests that companies can use selection in providing phased retirement access as an incentive for older workers to encourage greater work effort. This is also consistent with the notion that most phased retirement arrangements are informal, rather than formal where all workers of a specific age would be entitled.

Using similar survey data on Norwegian establishments, Hermansen and Midtsundstand (2015) found that 23% of companies offered a phased retirement program in 2010. These are typically the companies that also facilitate lifelong learning and take measures to prevent health issues, suggesting that such firms follow a holistic approach to active aging.

3. Institutional setting

In the Netherlands, employers are normally obliged to honor requests by their employees to reduce working hours. Particularly in the context of phased retirement for older workers, this is rooted in a comprehensive legislative and policy framework that aims at promoting work-life balance, labor market flexibility, and the well-being of the aging workforce. This framework encompasses labor laws, collective agreements, and pension policies that together collectively support the gradual transition of older employees from full-time work to retirement.

The Working Hours Act (*Arbeidstijdenwet*) is a cornerstone of Dutch labor legislation that regulates working hours, rest periods, and overtime. It provides the foundational legal structure for employees to request adjustments to their working hours, including working fewer hours. The Act ensures that employers seriously consider requests for reduced working hours, especially when these requests are made for reasons related to health, caregiving responsibilities (such as the birth of children), or gradual retirement. The Flexible Working Act (*Wet flexibel werken*), effective since 2016, further strengthens employees' rights to request changes in working hours, work location, and schedule. It allows employees with tenure of at least 26 weeks to formally request adjustment of their working hours. Employers are obliged to consider these requests and can only refuse them on substantial business grounds. This Act is particularly significant for older workers who seek phased retirement, as it facilitates a more gradual reduction in work intensity.

Regarding collective agreements (*collectieve arbeidsovereenkomsten, CAOs*), these play a critical role in shaping the specifics of working hour adjustments and phased retirement options. These agreements, negotiated between employers' organizations and trade unions, often include provisions for reducing working hours, flexible work arrangements, and phased retirement. Many CAOs include seniority schemes (*seniorenregelingen*) that provide older employees the option to work reduced hours without a proportional reduction in salary. These schemes often kick in at a certain age (like 60) and are designed to retain the expertise of senior employees while reducing their workload.

More recently, CAOs have started including elements from the Generation Pact (*Generatiepact*), which is a strategic response to the dual objectives of retaining older workers and creating job opportunities for younger generations (see, e.g., van Dalen and Henkens, 2019, and Rutten et al., 2025). To retain older workers, the Act aims to (i) extend the working lives of older employees in a sustainable manner and (ii) facilitate the gradual transition to retirement. Basically, the Generation Pact provides subsidized phased retirement options by combining three elements: reduced working hours, income maintenance, and pension accrual. These components are tailored to fit the specific needs and conditions of different sectors and organizations, ensuring flexibility and relevance to various employment contexts. These collective agreements, including access to the attractive features of the Generation Pact, vary substantially across sectors and firms.

Occupational pensions can accommodate part-time pensions, depending on the pension fund (and therefore on the company or the sector). Altogether, 84.4% of Dutch pension funds offer a partial retirement scheme before the statutory retirement age,[1] and 53.5% of pension funds offer a partial retirement scheme beyond the statutory retirement age. This implies that most employees can choose to partially retire, at least prior to the statutory retirement age, and start receiving a portion of their occupational pension benefits while continuing to work part-time. This differs from the state pension arrangement, which does not allow for flexible take-up.

The Future Pensions Act (*Wet toekomst pensioenen, Wtp*), which took effect on July 1, 2023, makes it possible to (partially) start the old-age pension ten years before the state pension age. Contrary to the tax legislation that applied before the introduction of this Act, a so-called ‘declaration of intent’ is no longer necessary. Under the old system, participants who wanted to advance their retirement to a time more than five years before their state pension date had to issue a ‘declaration of intent’, stating that they did not intend to ever re-enter the labor market. Cancelling this declaration made partial retirement easier.

More generally for all age groups, and given the comprehensive framework of part-time work options, many Dutch men and women work part-time. According to Statistics Netherlands (CBS), 73.5% of female employees worked part-time, compared to 27.4% of male employees in 2019. These rates of part-time work among men and women are among the highest in Europe. By comparison, according to Eurostat, the average percentage of part-time workers in the EU is approximately 19.7% for women and 8.5% for men. In line with the institutional options to reduce working hours, phased retirement is more prevalent than bridge jobs as a form of partial retirement, compared to the US (Bloemen et al., 2015).

1 We thank Patrick Colijn of the Dutch Central Bank for providing this aggregated information regarding all Dutch pension funds.

4. Prevalence of phased retirement

In this section we set out to which extent phased retirement is relevant to employees and whether it involves a change in type of work, employer, sector, and hourly wage. In June 2017, a survey was conducted in the LISS panel (Longitudinal Internet Studies for the Social Sciences) on how workers perceive the opportunities for and restrictions on phased retirement in the organization where they work. Unfortunately, the outcome of this survey is the most recent information available to us on a sample among workers with information on preferences and restrictions concerning phased retirement. It implies that possible new developments, e.g. new working-from-home arrangements due to COVID-19, are not visible in the employee data that we analyze.

The LISS panel is an ongoing study on a large representative sample of the Dutch population aged 16 and older (excluding those living in institutions like nursing homes, prisons, etc.). The panel is based upon a random probability sample of Dutch residents drawn by Statistics Netherlands. It is administered via the Internet but also covers households that do not have access to the Internet, providing them with the necessary equipment. Households in the panels answer survey questions every month, on a variety of topics. There are core questionnaires that collect annual or biannual information on economic characteristics, health, social contacts, personality, etc., but also opportunities for academic researchers to field their own surveys. Our specific survey covered individuals aged 35 and older (based upon the notion that younger individuals have not yet given much thought to their retirement options). Our final sample had 3,999 respondents.

In this survey we collected information on planned or realized retirement behavior, planned referring to those not yet retired and realized to those already in retirement. We asked respondents to construct the sequence that corresponds as closely as possible to their actual behavior or their current plans for the remainder of their labor market career. For each two-year age category (55-56, ..., 67-68, 69+, they indicated their main labor market status, choosing among full-time work, part-time work, or (fully) retired. The respondents then also indicated, at each age, (expected) changes in the type of work, employer, sector, and hourly wage. See Figures A1 and A2 in the Appendix for the exact questions.

Table A1 in the Appendix shows the most common sequences. The fraction of respondents who report a sequence that indicates gradual retirement – full-time work succeeded by part-time work and then full retirement – is 26.3%. This fraction drops to 14.6% if we consider only those respondents who are retired; the sequence is thus not shaped by expectations but only by actual decisions. This difference may be a cohort effect or time trend, but it also may mean that people do not always follow up on what they expect, possibly due to demand side restrictions. Among all phased retirement sequences, only 15.2% involve a change in type of work (8.1% a change in employer, and 6.9% a change in sector). These figures suggest that in most cases gradual retirement means phased retirement in the career job. In 22.5% of the cases, however, gradual retirement involves a reduction in hourly wage. Several studies have documented that employees face a part-time wage penalty when they switch to a less demanding job in a phased retirement setting (Hutchens, 2010; Aaronson and French, 2004; Ameriks et al., 2020). Finally, distinguishing between men and women, we find that 37.9% of men participate (or expect to participate) in gradual retirement versus 14.4% for women. This is not surprising since women more often work part-time during their career and retire gradually less often.

5. Employees' perceptions of their employers' restrictions on phased retirement

The 2017 survey discussed above asked many additional questions on labor market status and phased retirement options. Current workers were interviewed, as we adjusted the wording of the questions to the labor market status of the respondent, asking workers about current work (both employees and self-employed workers), while non-workers were interviewed about their last job.

The variables that describe the nature of the job are included in order to account for the notion that part-time work is easier to accommodate for some jobs than for others, in line with the literature (Hutchens and Grace-Martin, 2006; Hutchens, 2010). The job satisfaction variables can be seen as proxies to other job characteristics. For example, satisfaction with job security is a proxy for how secure the job is considered by the worker.

Main questions and descriptive analysis

Table 1 presents the distribution of the answers to the first main question (PR1), worded as follows for current employees:

> *Does your employer offer you the possibility of phased retirement? (Phased retirement means that you retire for part of your work week but keep working the other part, for example, from age 65 until age 68.)*

Almost half of the respondents do not know whether they have access to phased retirement or not. Differences between blue- and white-collar workers, or across the primary, secondary, tertiary, and quaternary sectors, are rather small: the largest difference is about 10 percentage points. The percentage for respondents who "don't know" is much larger for those with a physically demanding occupation than for others (54.8% versus 43.9%). This is remarkable since stimulating phased retirement is often seen as a way to retain workers with a demanding occupation. Among those who do know, almost 60% lack access. If phased retirement is possible, it is usually possible before the statutory retirement age (which is also the age at which most employment contracts end), and about half of the time also after the statutory retirement age. Cases where phased retirement is possible only after the statutory retirement age are rare.

Table 1: Perceived access to phased retirement (PR1)

	Percentage
Yes, both before and after the retirement age that applies to me	10.57
Yes, but only before the retirement age that applies to me	9.62
Yes, but only after the retirement age that applies to me	1.96
No, part-time retirement is not possible	31.01
Don't know	46.83
Number of observations	3,679

Source: LISS panel, 2017

The next questions of main interest are PR2a-PR2e:

> *Below we present several reasons that might limit the applicability of participating in partial retirement in your case. Please indicate how much you agree with each reason.*

Several reasons that might limit the applicability of partial retirement were presented, and for each reason, answers were given on a seven-point scale, from 1 (Strongly disagree) to 7 (Strongly agree).

Table 2 presents the five reasons and summarizes the answers. The sample variation for each of them is large, with many answers in the categories “completely disagree” and “completely agree.” Differences between the means are rather small. The most important reason for not offering phased retirement (as perceived by the respondents, in most cases employees) is that there are no part-time jobs in general. This is in line with the existing literature, which finds that production technology and the nature of the job are the most important factors (Hutchens, 2010). The extra costs of a part-time retiree come in second. The argument that the employer prefers younger workers is the least important.

Table 2: Reasons for limited or no access to phased retirement (PR2a-PR2e)

	Sample mean	Standard deviation
a. My employer thinks the costs of an employee who works part-time, in relation to an employee who works full-time, are too high to justify a part-time pension offer.	3.61	1.45
b. My employer does not offer part-time jobs.	3.77	2.01
c. My employer favors young people over older people in salary, promotions, division of tasks, and would therefore never offer the option of part-time retirement.	3.22	1.57
d. The type of work that I do does not lend itself - in terms of work schedule, range of tasks, etc. - to being carried out part-time.	3.45	1.86
e. My pension fund does not allow me to be paid part of my pension when I am in part-time retirement or the pension I receive when I retire fully if I were to first take part-time retirement for a period.	3.49	1.49
Number of observations	3,436	

Source: LISS panel, 2017

Table 3 presents a summary of the explanatory variables we will use in some models below. Almost 32% of the respondents have a mild or severe health problem that limits them in the activities they can perform. Most respondents have a non-technical, while 15% have a technical white-collar occupation. In terms of job characteristics, two stand out: few respondents have a physically demanding job, but a large majority perceives the job as mentally demanding. The respondents are generally rather satisfied with many aspects of their jobs. The lowest satisfaction is with the help and supervision by the manager.

Table 3: Explanatory variables

	Sample mean	Standard deviation
Age (in years)	59.36	11.77
Male (dummy)	0.50	0.50
Education high (dummy)	0.35	0.48
Education low (dummy)	0.41	0.49
Income high (dummy)	0.08	0.27
Income medium (dummy)	0.66	0.47
Income low (dummy)	0.26	0.44
Health is limited (severely or not severely) in the short term (dummy)	0.32	0.47
Sector is tertiary (dummy for services sector excluding ICT and other knowledge-based services)*	0.63	0.48
Job characteristics (1: not at all , ... 5: definitely)		
Job has a lot of physical exertion such as (heavy) lifting, bending, kneeling and squatting	1.85	1.03
Job has a lot of concentration and attention	3.38	0.73
Job has frequent or intensive consultation with other group members/ colleagues	2.73	0.89
Job needs to keep up with others' pace	2.21	1.00
Job needs to keep up with the latest developments	2.91	0.88
Satisfaction with aspects of the job (1: not at all , ..., 5: very satisfied)		
Total salary	3.47	0.86
Freedom to decide on how you organize your work	3.82	0.85
Working hours	3.82	0.78
Help and supervision from your manager	3.26	0.91
Relationship with your manager and colleagues	3.75	0.82
Job security (e.g. chance of being fired or not getting a contract extension	3.65	1.02
Number of observations	About 4,000 for each variable	

Source: LISS panel, 2017

* Based on classification of industries, taken from https://www.britannica.com/money/industry distinguishing primary, secondary, tertiary, and quaternary sectors.

Regression results: Access to phased retirement

To address the question on access to phased retirement (PR1), we merge the answers implying access before, after, or both before and after the statutory retirement age, focusing on any access to phased retirement. To account for the many "don't know" answers, we estimate a multinomial logit model in which the dependent variable can have three different outcomes: no access to phased retirement (coded as 0), access to phased retirement (coded as 1), or don't know (coded as 2). We find that 31% has outcome 0 (no access), 22% has outcome 1 (access), and 47% has outcome 2 ("don't know").

We estimated several specifications and dropped the variables that did not play a role for any of the outcomes (t-values all smaller than 1 in absolute value). The estimation results are shown in Table 4. The base category is access to phased retirement (before or after the state pension age); coefficients should be interpreted comparing to the base outcome. For example, the age coefficient suggests that, keeping other variables constant, older respondents more often report that they do not have access to partial retirement (instead

Table 4: Multinomial logit model explaining access to phased retirement

	No, part-time retirement is not possible	Don't know
Age	0.051*** (0.005)	-0.039*** (0.004)
Male	0.374*** (0.126)	-0.344*** (0.114)
High education	-0.386*** (0.146)	-0.286** (0.132)
Low education	0.070 (0.145)	0.164 (0.137)
Low income	1.016*** (0.173)	0.864*** (0.166)
High income	-0.223 (0.193)	-0.225 (0.174)
Health is severely or not severely limited in the short term	0.104 (0.117)	0.108 (0.113)
Sector is tertiary	0.412*** (0.120)	0.003 (0.110)
Job a lot of physical exertion such as (heavy) lifting, bending, kneeling and squatting	0.059 (0.059)	0.103* (0.057)
Job has a lot of concentration and attention	0.112 (0.084)	0.169** (0.082)
Job has frequent or intensive consultation with other group members/colleagues	-0.035 (0.080)	-0.123* (0.074)
Job needs to keep up with others' pace	0.064 (0.059)	-0.002 (0.057)
Job needs to keep up with the latest developments	-0.099 (0.076)	-0.135* (0.071)
Satisfied with total salary	0.044 (0.069)	-0.009 (0.064)
Satisfied with freedom to decide for yourself how you organize your work	-0.107 (0.075)	-0.111 (0.070)
Satisfied with working hours	-0.071 (0.079)	0.054 (0.073)
Satisfied with help and supervision from manager	-0.119 (0.074)	0.073 (0.072)
Satisfied with relationship with manager and colleagues	0.132 (0.087)	-0.019 (0.083)
Satisfied with job security (e.g. chance of being fired or not getting a contract extension)	-0.302*** (0.061)	-0.276*** (0.058)
Constant	-1.995*** (0.575)	4.187*** (0.522)
Number of observations	3,149	

Source: LISS panel, 2017. Base outcome: phased retirement is possible (before or after state pension age).
*: p-value<0.10; **: p-value<0.05; ***: p-value<0.01.

of having access) and less often report that they do not know (instead of reporting that they have access).[2] A qualitative summary of the results in the table is given below. Keep in mind that the data were collected in 2017, so that more recent developments are not accounted for.

2 To interpret the magnitudes of the coefficients, marginal effects need to be computed. For example, on average, one year older means that the probability to report no access is 0.0134 larger, the probability to report "don't know" is 0.0137 lower, and the probability to report access is approximately the same.

- Age is positively associated with the probability of having no access, at the cost of giving a "don't know" answer.[3]
- Males more often know that they have no access to phased retirement than females.
- Higher education is associated with more access to phased retirement, in line with the theoretical arguments and the existing literature. Workers with higher education are harder to replace and tend to have more valuable firm-specific expertise. Similarly, low-income respondents have access to phased retirement less often.
- There is no significant relationship with health problems. Note that this refers to current health problems of the respondent, which may not say much about health at the time the phased retirement decision is taken.
- Surprisingly, respondents in the tertiary sector (services) seem to be less likely than others to have access to phased retirement.
- Job characteristics (such as that a job is physically or mentally demanding) do not play a significant role. If anything, workers in demanding jobs less often have access to phased retirement than others. This seems at odds with the notion that phased retirement programs are designed to help workers with demanding occupations to stay in the labor market.
- As to the job satisfaction variables, the result that stands out is that respondents with a secure job (more precisely, employees who are satisfied with their job security) are substantially more likely to have access to phased retirement than others. This is in line with the notion that employers offer phased retirement to keep the most valuable workers (with the lowest chances of being fired).

Regression results: Reasons for no or limited access to phased retirement

We use ordered logit models to analyze the answers to questions PR2a – PR2e. Explanatory variables are taken from the same set as before. The results are presented in Table 5. A positive coefficient means that an increase in the explanatory variable makes the reason more relevant (keeping other variables constant). A qualitative summary of the results is as follows.

- The relation with age varies across reasons. Older respondents more often report that their employer does not offer any part-time jobs, or that their work is not suitable for working part-time. They less often think that costs are an argument for avoiding phased retirement.
- In line with the finding in Table 4 that women more often have access to phased retirement than men (ceteris paribus), men consider all reasons for limiting phased retirement

3 This seems different from the result of Hutchens (2010), but in Hutchens' case age refers to age at the time that access for phased retirement is considered, while in our case, age is respondent age at the time of the survey, which may be many years away from the actual phased retirement decision.

Table 5. Ordered logit models for relevance of reasons for not offering phased retirement

	Cost of a part-time worker are too high	My employer does not offer part-time jobs	My employer prefers younger workers	Type of work not suitable	Pension fund does not allow it
Age	-0.011*** (0.003)	0.037*** (0.003)	0.000 (0.003)	0.021*** (0.003)	-0.004 (0.003)
Male	0.202** (0.083)	0.564*** (0.080)	0.108 (0.080)	0.632*** (0.078)	0.138* (0.081)
High education	-0.273*** (0.098)	-0.447*** (0.092)	-0.273*** (0.091)	-0.518*** (0.091)	-0.299*** (0.096)
Low education	-0.084 (0.089)	0.070 (0.080)	0.090 (0.086)	0.097 (0.081)	0.124 (0.087)
Low income	0.138 (0.095)	0.244*** (0.088)	0.200** (0.094)	0.119 (0.086)	0.103 (0.093)
High income	-0.081 (0.151)	-0.137 (0.140)	-0.074 (0.127)	0.632*** (0.151)	-0.222 (0.147)
Health is severely or not severely limited in the short term	0.095 (0.078)	0.064 (0.072)	0.099 (0.075)	0.032 (0.071)	0.108 (0.077)
Sector is tertiary (services)	0.073 (0.081)	0.148* (0.075)	-0.010 (0.074)	0.164** (0.076)	-0.111 (0.081)
Job has a lot of physical exertion	0.084** (0.038)	0.051 (0.034)	0.101*** (0.036)	0.114*** (0.035)	0.023 (0.037)
Job has a lot of concentration and attention	0.056 (0.055)	-0.042 (0.050)	-0.014 (0.051)	-0.029 (0.051)	0.050 (0.054)
Job has frequent or intensive consultation	0.017 (0.054)	0.010 (0.048)	0.018 (0.051)	0.071 (0.049)	0.009 (0.052)
Job needs to keep up with others' pace	0.081** (0.041)	0.059 (0.038)	0.173*** (0.040)	0.069* (0.039)	0.068* (0.040)
Job needs to keep up with the latest developments	-0.099* (0.050)	0.016 (0.048)	-0.019 (0.050)	0.008 (0.048)	-0.037 (0.049)
Satisfied with total salary	-0.012 (0.047)	-0.052 (0.041)	-0.097** (0.044)	-0.042 (0.042)	-0.069 (0.044)
Satisfied with freedom to organize own work	0.026 (0.056)	0.060 (0.051)	-0.125** (0.054)	0.098* (0.053)	-0.110** (0.056)
Satisfied with working hours	-0.095* (0.057)	-0.166*** (0.051)	-0.014 (0.052)	-0.155*** (0.052)	-0.036 (0.054)
Satisfied with help and supervision from your manager	-0.026 (0.053)	-0.074 (0.048)	-0.015 (0.051)	-0.011 (0.051)	0.051 (0.052)
Satisfied with relationship with manager and colleagues	0.034 (0.061)	-0.022 (0.055)	-0.107 (0.060)	-0.005 (0.058)	-0.007 (0.059)
Satisfied with security of the job	-0.302 (0.043)	-0.186*** (0.039)	-0.433*** (0.043)	-0.106*** (0.039)	-0.168*** (0.042)
Number of observations	3,145	3,146	3,145	3,145	3,145

Source: LISS panel, 2017. Outcomes are all on a scale from 1 (does not apply at all) to 5 (fully applies).
*: p-value < 0.10; **: p-value < 0.05; ***: p-value < 0.01.

more important than women, although the difference is not always significant. The main gender difference is that men much more often report that the type of work they do is not suited to working part-time.

- Higher educated workers consistently report lower importance for all five reasons considered than workers with lower education. Differences between the two lower education levels are not significant.

- Low-income respondents often report that the employer does not offer part-time work or prefers younger workers. For high-income respondents, the type of work they do is often not suited to part-time work (the "production technology" hypothesis of Hutchens and Grace-Martin, 2006).
- For white-collar workers, the costs or nature of part-time work play less of a role than for blue-collar workers. Service industry workers relatively often report that phased retirement presents a problem with their pension fund.
- For physically demanding jobs and jobs that require keeping up with the pace of others, employers often prefer younger workers. Moreover, these jobs are often incompatible with working part-time. Jobs that involve repetitive action are also often incompatible with working part-time, possibly because this indicates shift work.
- For the job satisfaction variables, we consistently find a significantly negative coefficient for satisfaction with job security: respondents with a secure job think all reasons for limiting access to phased retirement are less relevant. This is in line with Table 4, where we found that they more often have access to phased retirement.
- High satisfaction with pay is associated with lower importance of several reasons for no or limited access, including limitations due to issues with the pension fund. Those who are satisfied with their hours of work attach less importance to the extra cost of part-time workers, but they more often think that their employer prefers younger workers or that their job is unsuited for working part-time.

6. Employers’ views on phased retirement

In May 2024, we conducted a survey in the LISS panel on employers’ preferences for phased retirement. LISS panel members who indicated three months earlier that they have a management position or role were invited to take part in the survey. Also, employers who belong to the largest employer organization in the Netherlands (AWVN) were invited to participate in the survey. We asked if these respondents had final or joint responsibility in their organization for personnel policy such as for hiring new people (e.g. as employer or human resources manager). Of these, 42.6% responded “yes”. We asked other respondents to consider their perceptions of how decisions are made about personnel policy in their organization.

The survey consisted of three parts. The first part included questions about establishment characteristics and personnel policy. The second part pertained to personnel policy for employees aged 55 or older who might want to move from full-time to part-time work. The third part asked respondents to think about a specific employee (randomly selected from among three older employees in the organization) and their background, job characteristics, and perceived opportunities for and restrictions on phased retirement.

Our final sample had 719 respondents. Table 6 presents the four variables of main interest for analysis of attitudes to providing phased retirement opportunities.[4] Almost all organizations would honor requests for phased retirement (panel a): usually for everyone, but in almost 25% of the organizations only in specific cases. On the other hand, most organizations do not have a generic policy for phased retirement (panel b). And if there is such a policy, it is often subject to exceptions. The answers to these two questions are strongly correlated (not shown in the table): access to phased retirement is much more common in organizations that have a policy for requesting a shift to part-time work.

A specific older worker (randomly selected from at most three workers who approach retirement, mentioned by the respondent) is often likely to get access to phased retirement. In this respect, there is little difference between phased retirement before and after the statutory retirement age (panels c and d).

Regression results

Using an approach that is similar to that applied by Hutchens and Grace-Martin (2006), we estimate how observed characteristics of the firm and its workers relate to opportunities for phased retirement. A multinomial logit model is estimated that sets out whether the answer

4 The number of observations drops due to the routing of the questionnaire. For example, the second question is only asked if the answer to the first question was “yes” or “in some cases”.

Table 6. Employer attitudes towards phased retirement

a. Consider an employee aged 55 or older with a permanent full-time job. This employee expresses the wish one day to want to work less at some time in the coming years. Would your firm honor this request?	
	Percentage
No	3.55
In some cases yes, in others not	22.34
Yes	74.11
Number of observations	591
b. Which of the following statements best expresses your firm's policy concerning shifts from full-time to part-time schedules?	
	Percentage
Decisions are made informally on a case-by-case basis	51.63
A formal written policy is in place, but exceptions can be made in individual cases	17.12
A formal written policy is in place that applies to all employees	31.25
Number of observations	368
c. How likely is it that the selected worker could switch to a part-time position before the state pension age?	
	Percentage
1 Not at all likely	9.94
2	13.55
3	14.16
4	32.53
5 Very likely	29.82
Number of observations	332
d. How likely is it that the selected worker could switch to a part-time position after the state pension age?	
	Percentage
1 Not at all likely	13.41
2	12.68
3	16.30
4	28.99
5 Very likely	28.62
Number of observations	276

Source: LISS panel, 2024. *: p-value < 0.10; **: p-value < 0.05; ***: p-value < 0.01.

to the question on providing phased retirement opportunities (the first question in Table 6) is "yes" (the base outcome), "in some cases", or "no". The estimates are presented in Table 7. Only few variables are significant. Still, there are some important findings. Small and large firms are less likely to offer phased retirement than medium-sized firms. Small firm size is related to lacking HR policies in general as well as lower likelihood of the ability to divide tasks efficiently when people fall out, whether partially or fully. The results are consistent with those mentioned in the literature review of Hermansen and Midtsundstand (2015). They also fit with one of the main explanations mentioned in the Netherlands for limited access to part-time work / retirement.

A robust finding is that the presence of many part-time workers in a firm is strongly associated with a higher likelihood of offering phased retirement schemes. This is in line with the findings in Section 5 and with Hutchens and Grace-Martin (2006). Moreover, the probability of phased retirement not being offered at all is significantly higher in firms with a lower fraction of white-collar jobs, also in line with the earlier findings. The answer "in some cases" is less common in multinomial logit model estimates for the second question in Table 6, the quaternary sector (ICT and other knowledge-based services companies).

Table 7. Multinomial logit model explaining whether the employer allows phased retirement

Organization characteristic	In some cases yes, in others not	No
Firm size 1-100 employees	-0.168 (0.274)	1.600** (0.733)
Firm size 5,001 or more employees	-0.274 (0.338)	1.478* (0.855)
Organization is non-profit	-0.453 (0.300)	0.074 (0.667)
Sector is tertiary	0.027 (0.287)	0.698 (0.758)
Sector is quaternary	-0.957** (0.436)	-0.310 (1.413)
Percentage of white-collar employees	0.042 (0.036)	-0.425*** (0.108)
Percentage of employees 55 years or older	0.088 (0.058)	0.248 (0.127)
Percentage of employees who work less than 35 hours	-0.151*** (0.050)	-0.314*** (0.115)
Higher percentage of employees who work shifts	0.014 (0.042)	0.006 (0.088)
Constant	-0.893** (0.371)	-2.605*** (0.990)
Number of observations	503	
Base outcome for dependent variable:	Yes	

Source: LISS panel, 2024. *: p-value < 0.10; **: p-value < 0.05; ***: p-value < 0.01

Table 8 presents the multinomial logit results for the second question in Table 6, indicating whether the firm has a policy concerning requests for shift to part-time work. The base outcome is that there is no such policy. The probability that there is a general policy increases monotonically with the size of the organization, as one might expect, given that larger firms generally have more formal HR policies. In non-profit organizations, a policy that can be applied with exceptions is relatively common. This is less common in the services sector. Perhaps surprisingly, we find no relation between having a policy and the fraction of part-time or shift workers.

In Tables 7 and 8, we focused on how firm characteristics are associated with phased retirement arrangements, without specifying the characteristics of the worker. However, the literature shows that employers can be very selective in their offering of phased retirement. We study this further by specifying the case in which the employer needs to decide on whether to offer phased retirement to a specific worker, following the approach of Hutchens (2010), explaining the answers to questions c and d in Table 6.

In line with Hutchens (2010), we estimate which observed worker characteristics (as perceived by the employer) are important for the employer's decision to offer phased retirement or not. Due to the important role of the state pension age in the Dutch institutional context, we separately consider phased retirement before (Question c in Table 6) and after (Question d). We use ordered logit models to explain the likelihood of a phased retirement offer from worker characteristics. The results are presented in Table 9. Since the depen-

Table 8. Multinomial logit for organization's policy concerning shifts to part-time work

Organization characteristic	There is a formal written policy, but adjustments can be made in individual cases	There is a formal written policy that applies to everyone
Firm size 1-100 employees	-0.467 (0.380)	-1.439*** (0.350)
Firm size 5,001 or more employees	0.853* (0.499)	0.839** (0.405)
Organization is non-profit	1.236*** (0.416)	0.273 (0.319)
Sector is tertiary	-1.106** (0.476)	0.244 (0.364)
Sector is quaternary	-0.173 (0.529)	0.604 (0.494)
Percentage of white-collar employees	-0.000 (0.047)	0.054 (0.040)
Percentage of employees 55 years or older	-0.002 (0.080)	0.116 (0.072)
Percentage of employees who work less than 35 hours	0.025 (0.067)	0.001 (0.060)
Percentage of employees who work shifts	0.076 (0.058)	0.065 (0.051)
Constant	-1.180** (0.520)	-1.377*** (0.489)
Number of observations	334	
Base outcome for dependent variable:	Decisions are made informally on a case-by-case basis	

Source: LISS panel, 2024. *: p-value < 0.10; **: p-value < 0.05; ***: p-value < 0.01

dent variable takes value from 1 ("not at all likely") to 5 ("very likely"), a positive coefficient means that an increase in the explanatory variable raises the likelihood of a phased retirement offer, keeping other variables constant.

We find that workers who are in a position where part-time work is more common are more likely to gain access to phased retirement, prior to the state pension age, keeping other variables constant. This is in line with our earlier results for a generic worker, although the relation seems weaker here. Other variables seem to play a role for phased retirement either before or after the state pension age. Workers with higher education far less often get a phased retirement offer before the state pension age, perhaps because they are too valuable for the firm. This might suggest that the firm would also want to keep them after the state pension age by offering phased retirement then, but we do not find a significant effect there. Skilled workers in the agricultural, forestry, and fishery industries are more likely than others to be offered phased retirement after the state pension age, while the opposite holds for craft and trade workers. Finally, employers are significantly more likely to offer phased retirement after the state pension age to workers who are relatively more productive than their younger colleagues, which confirms that phased retirement is offered selectively on the basis of relative productivity.

Table 9. Ordered logit models explaining the likelihood that the selected worker would switch to a part-time position before or after the state pension age

Characteristic of the selected worker	Likelihood that the selected worker would switch to a part-time position before state pension age	Likelihood that the selected worker would switch to a part-time position after state pension age
Age	-0.000 (0.038)	0.045 (0.045)
Education is higher	-0.294** (0.128)	0.025 (0.132)
Male	-0.056 (0.303)	-0.046 (0.327)
Professional	0.207 (0.377)	0.015 (0.365)
Clerical support worker	-0.182 (0.343)	-0.159 (0.429)
Services and sales worker	0.705 (0.455)	0.327 (0.557)
Skilled agricultural, forestry or fishery worker	0.178 (0.685)	1.632* (0.847)
Craft and related trades worker	-0.637 (0.517)	-1.556** (0.623)
Plant and machine operator or assembler	-0.825 (0.758)	-0.050 (0.559)
Elementary occupation	-1.407* (0.785)	0.519 (0.581)
Percentage of part-timers in selected workers' position is higher	0.083* (0.049)	0.054 (0.054)
Older workers in selected worker's job title are (much) more productive than younger workers	-0.201 (0.269)	0.963*** (0.322)
Selected worker worked more years for the organization	-0.139 (0.111)	-0.051 (0.106)
Number of observations	219	186

Source: LISS panel, 2024. *: p-value<0.10; **: p-value<0.05; ***: p-value<0.01

7. Policy recommendations

Based on our reading of the current academic literature and our empirical analysis, we come to the following policy recommendations. Our analysis suggests that in 2017 nearly half (about 47%) of employees were completely unaware of whether phased retirement options existed for them. Also, even in 2024, there seems to be a lack of knowledge of the potential benefits of phased retirement for the employer. Lack of awareness and understanding of phased retirement options can hinder their adoption (Beehr, 2014). Comprehensive awareness campaigns and educational initiatives can inform both parties about the benefits and practicalities of phased retirement, leading to greater use of phased retirement opportunities, where such use is beneficial for both the worker and the organization. This can be combined with current initiatives to raise awareness and knowledge of pension wealth that is available at retirement. Some tools used by pension funds already allow for partial pensions, which can be seen as a first step. Ideally, a tool such as the website www.pensioenoverzicht.nl should combine partial pensions with other income, such as part-time wages.

An important role might be attributed to the social partners and to collective agreements, which can be an important force in aligning employers' and employees' preferences regarding part-time work opportunities. Our empirical analysis showed that many employers engage in a case-by-case policy when it comes to phased retirement, meaning that clear written policy is largely absent. The absence of formal policy especially applies to smaller organizations. We find that the lack of formal policy is strongly negatively associated with providing opportunities for phased retirement. Although we cannot show that this relation is causal, it suggests that a formal policy helps. Encouraging trade unions and employers' organizations to negotiate phased retirement options can ensure that these practices are standardized and widely adopted (Blau and Shvydko, 2011). The Socio-Economic Council (SER) might catalyze this process.

Collective agreements may be an even more powerful tool for highlighting the importance of phased retirement opportunities because they are the main source where employers and employees achieve subsidized partial retirement schemes, such as the Generation Pact. This Pact, which allows older employees to work fewer hours with a less than proportional reduction in salary and without any cut in their pension accrual, has been implemented in several sectors. Expanding this initiative could encourage more employers to adopt phased retirement schemes, as it addresses both financial and workload concerns for older employees (Kantarcı and Van Soest, 2008). Increased government support and incentives for companies participating in the Pact can stimulate its adoption further.

Enabling such programs financially among employers is likely to be important, because financial barriers constitute a significant deterrent for them to consider phased retirement schemes (Graf et al., 2011). By offering tax breaks or subsidies, the national government can offset the costs associated with hiring additional staff or restructuring work processes, thus making phased retirement more economically viable for employers.

Additionally, employers should be more aware of best practices at other companies. Best practices at other companies or sectors can offer valuable insights and practical solutions to common challenges (Wang and Shultz, 2010). Continuous (ex-post) evaluation of implemented phased retirement options is essential for refining relevant policies and practices (Cahill et al., 2013). Regular assessments can provide feedback on what works and what needs adjustment, helping to optimize phased retirement schemes over time.

This can also lead to more standardized guidelines (instead of case-by-case policy) and thereby lead to a clear framework for employers to implement phased retirement programs effectively. Government, in collaboration with academic institutions and industry experts, can play a pivotal role in knowledge dissemination and in helping to develop these guidelines. A key industry expert with extensive knowledge and experience in this domain is PGGM&CO.[5]

Finally, an important role lies with pension funds. According to Loretto et al. (2005), flexible pension arrangements are crucial for the success of phased retirement. By enabling partial pension withdrawals, older employees can reduce their working hours without facing significant financial hardship. This approach is already partially implemented in the Dutch pension system through the occupational pensions, but the actual implementation is fragmented across sectors and companies. Further enhancements and greater awareness across all industries are needed to make it more accessible. Pension funds can play a crucial role in the success of sectoral or firm-specific phased retirement, including subsidized programs such as the Generation Pact.

Allowing for more flexibility in the pension system can stimulate the utility of employees as they will be better able to adjust their retirement behavior to their personal preferences. Still, from a macro-economic and policy point of view, the advantages of phased retirement are not obvious, since existing studies reach contradictory findings on whether such arrangements raise or reduce total hours worked. This suggests that more research is needed on how phased retirement opportunities should be shaped, to prevent the reduction in labor supply due to transition from full-time to part-time work from overruling or canceling the increase in hours due to employees choosing part-time work rather than full retirement.

5 *https://www.pggmenco.nl*

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Appendix

Questions about labor market status at each age (LISS panel 2017)

Mensen volgen verschillende paden in hun werkzame leven. Sommigen werken voltijd en gaan dan volledig met pensioen, anderen gaan slechts gedeeltelijk met pensioen, en weer anderen maken nog andere keuzes.

Hieronder laten we een tijdlijn zien die uw levensloop vanaf 55 jaar voorstelt op het gebied van werk. De tijdlijn heeft acht leeftijdscategorieën. Onder elke categorie bevindt zich een keuzemenu met vier keuzes voor uw belangrijkste bezigheid op die leeftijd. We vragen u voor elke leeftijdscategorie uw (verwachte) belangrijkste bezigheid op deze leeftijd te kiezen. Hierbij geldt:

- Kies 'voltijd' als u 35 uur of meer per week werkt(e).
- Kies 'deeltijd' als u minder dan 35 uur per week werkt(e).
- Kies 'pensioen' als u niet meer werkzaam bent en pensioen ontvangt.
- Kies 'anders' als u werkloos bent, volledig arbeidsongeschikt bent, of voltijd voor het huishouden zorgt.

Als u in de periode van twee jaar die een leeftijdscategorie bestrijkt meer dan één arbeidsmarktstatus heeft/had, kiest u dan de arbeidsmarktstatus die voor het grootste deel van deze periode geldt/gold.

Bij het kiezen van een toekomstige arbeidsmarktstatus (een arbeidsmarktstatus op een leeftijd die hoger ligt dan uw huidige leeftijd), houdt u dan rekening met **wat in uw situatie mogelijk is.** Bijvoorbeeld, als uw werkgever u niet de mogelijkheid biedt om in deeltijd te werken, kies dan niet de optie 'deeltijd' als u niet van werkgever wilt veranderen.

	55-56 jaar	57-58 jaar	59-60 jaar	61-62 jaar	63-64 jaar	65-66 jaar	67-68 jaar	69+
Werkstatus	Voltijd	Voltijd	Voltijd	Deeltijd	Deeltijd	Deeltijd	Pensioen	Pensioen

Figure A1: Question asking to outline past and expected future work status from age 55 onwards

De hieronder afgebeelde levensloop laat uw arbeidsmarktstatus zien vanaf 55 jaar. Onder de arbeidsmarktstatus bevindt zich voor elke leeftijdscategorie een keuzelijst waarin u (verwachte) veranderingen op die leeftijd aan kunt geven in het type werk, uw werkgever en de sector waarin u werkt(e) en stijgingen en dalingen in uw uurloon.

U hoeft **alleen veranderingen aan te geven.** Bijvoorbeeld, als u tweemaal van werkgever verandert, op 55- en op 61-jarige leeftijd, dan kiest u 'verandering' in de regel van 'werkgever' bij leeftijdscategorie '55-56' en '61-62'. Als er geen verandering is, hoeft u geen keuze te maken.

	55-56 jaar	57-58 jaar	59-60 jaar	61-62 jaar	63-64 jaar	65-66 jaar	67-68 jaar	69+
Werktatus	Voltijd	Voltijd	Voltijd	Deeltijd	Deeltijd	Deeltijd	Pensioen	Pensioen
Type werk			Veran-dering					
Werkgever			Veran-dering					
Sector			Veran-dering					
Uurloon			Toename					

Figure A2: Question asking to indicate (expected) changes at respective ages in the type of work, employer and the sector in which the respondent work(ed), and increases and decreases in hourly wage.

Table A1: Most common self-reported retirement sequences

Sequence	Percent	Sequence	Percent
22222333	6.50	11222333	1.08
22222233	6.25	11123333	1.05
44444444	5.15	13333333	1.05
11111133	4.08	22333333	0.95
11111333	3.90	11223333	0.93
44444333	3.78	11122223	0.83
11113333	3.75	11222233	0.83
22223333	3.68	11112223	0.78
22233333	3.25	11111122	0.73
11133333	3.08	11111222	0.68
11122333	2.80	23333333	0.68
11112233	2.70	11111112	0.65
22222223	2.60	12223333	0.63
33333333	2.58	11144333	0.60
44444433	2.40	11444333	0.60
11111233	2.20	22244333	0.58
11122233	2.18	12222333	0.53
11112333	1.80	12233333	0.40
11111113	1.73	22444333	0.40
11111123	1.65	11233333	0.35
11111223	1.63	14444333	0.35
11333333	1.55	44444443	0.35
22222222	1.30	12222233	0.33
11111111	1.08	12333333	0.33

1: Full-time work, 2: Part-time work, 3: Retired; 4: Other. Retirement sequences are ranked according to the percentage of 3,176 respondents who reported the sequence. The eight elements of a given sequence refer to the self-reported work status at eight age categories, given by 55-56, 57-58, 59-60, 61-62, 63-64, 65-66, 67-68, and 69+.

Questions on demand-side restrictions on phased retirement (LISS panel 2017)

The first survey question of interest for our purposes asks about access to phased retirement. For employees, it is formulated as follows:

Question PR1

Does your employer offer you the possibility of partial retirement? (Partial retirement means that you retire for part of your work week but keep working the other part, for example, from age 65 until age 68.)

- *Yes, partial retirement is possible both before and after the pension age that applies to me*
- *Yes, partial retirement is possible but only before the pension age that applies to me*
- *Yes, partial retirement is possible but only after the pension age that applies to me*
- *No, partial retirement is not possible*
- *I don't know whether partial retirement is possible*

The second question that we analyze in this paper[6] elicits why phased retirement is unattractive for the employer or the organization. Five different reasons are considered, building on the existing literature in the previous section (mainly Hutchens and Grace-Martin 2006; Hutchens 2010):

Question PR2a-PR2e
Below we present several reasons that might limit the applicability of participating in partial retirement in your case. Please indicate how much you agree with each reason.
a. My employer would find the cost of a part-time worker, relative to a full-time worker, too high to offer partial retirement.
b. My employer does not offer part-time jobs.
c. My employer would favor younger people over older people in pay, promotion, task assignments, and therefore would not offer the opportunity to partially retire.
d. The type of work I do - in terms of its time schedule, tasks, etc. - is not suitable for part-time work.
e. My pension fund would not allow drawing pension benefits during partial retirement or would reduce final benefits as a result of partial retirement.

For each reason, answers were given on a seven-point scale, from 1 (Strongly disagree) to 7 (Strongly agree).

Self-employed respondents were only asked question d., while other respondents were asked to answer all five questions (regardless of their answer to the question about access to partial retirement).

The answers to questions *PR1* and *PR2a-PR2e* are the dependent variables in the econometric models in Section 5. The explanatory variables, based upon the theoretical arguments and taken from the literature review, are constructed from additional questions in the same survey, as well as from the background variables collected in other surveys administered to the same LISS respondents.

6 Other questions ask about the preferences of the workers. They are analyzed in other papers.

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