

ONE OF EVERY THREE RETIREES IS WORKING

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Executive Summary

34.6 percent of men and 7.5 percent of women who have retirement income continue working in Turkey. In other words, 2 out of 7 million people entitled to pension payments are still working. Also, informal employment is substantially more prevalent among working retirees. Most of male working retirees are either self-employed or working in family businesses. A large share of female working retirees are wage and salary earners. On the other hand, employment rate for retired men younger than 55 years old is almost 50 percent.

Retirement does not mean the end of working

In this research brief, we analyze the status of retirees who have remained in active employment in post-retirement period using data from 2010 Income and Living Conditions Survey (SILC) published by TurkStat. According to SILC 2010 data nearly 7.1 million people declare that they are receiving pension income (Table 1). On the other hand, a remarkable group of retired people are still working. 2 million of 7.1 million retired individuals (28.2 percent) still continue working.

Conditional on receiving pension income, gender significantly affects the decision of re-entering to labor force. The ratio of working women is quite low compared to the ratio of working men after being entitled to pension payments. Although 1.9 million of 5.5 million (34.6 percent) men who receive retirement income indicate that they are still working, only 128 thousands of 1.7 million female retirees (7.5 percent) continue working. This data analysis implies that retirement and exit from labor force do not occur simultaneously, especially for men.

Table 1 Retirees working formally and informally (2010)

	Total retirees (thousand)	Retirees who do not work (thousand)	Retirees who work (thousand)	Retirees who work informally (thousand)	Retirees who work formally (thousand)
Male	5,447	3,590	1,887	1,544	343
	100.0%	65.5%	34.6%	28.4%	6.3%
Female	1,695	1,567	128	92	36
	100.0%	92.4%	7.5%	5.4%	2.1%
Total	7,143	5,127	2,016	1,637	379
	100.0%	71.8%	28.2%	22.9%	5.3%

Source: Survey of Income and Living Conditions, 2010, TurkStat; Betam

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Retirees who continue to work increase informality

Note that individuals who continue to work after being entitled to receive pension payments are generally employed informally. A large proportion of male retirees who work (1.5 million) are informal workers. The share of informally working retirees to total informal employment in nonagricultural sectors is 17.9 percent. 92 thousands women who receive pension payments are working informally and 36 thousands of them are working formally. Given that retirement entitles workers to health insurance and pension payments, individuals do not seem to be concerned with working formally. Likewise, firms might prefer to employ retired people informally in order to reduce labor costs.

Half of the young retirees are working

Table 2 gives the distribution of retirees who are working by age. The ratio of male working retirees to total retirees in age groups has remained around 50 percent below 54 years of age. However starting from 55 years of age it is gradually diminishing. In other words, half of the young retirees continue working in spite of receiving pension income. The ratio of working for male retirees in age group over 65 has declined to 20 percent. Compared to males the ratio of working among female retirees is quite low. Even then, working among the retired females is common.

Table 2 Retirees who are working, by age and gender (2010)

Age Group	Male			Female		
	Retiree (thousand)	Working Retiree (thousand)	Share of working retiree (%)	Retiree (thousand)	Working Retiree (thousand)	Share of working retiree (%)
35-39	10	5	50.0	2	0	0.0
40-44	28	14	50.0	57	14	24.6
45-49	537	285	53.1	168	30	17.9
50-54	1,042	500	48.0	269	32	11.9
55-59	1,062	420	39.5	249	16	6.4
60-64	893	296	33.1	178	13	7.3
65+	1,876	367	19.6	773	24	3.1
Total	5,448	1,888	34.7	1,696	129	7.6

Source: Survey of Income and Living Conditions, 2010, TurkStat; Betam

Data in Table 1 and Table 2 taken together imply that, in Turkey, receiving pension income does not mean leaving the labor market, which is contradicting with the definition of retirement and this is more commonly observed for men. However, pension income should be considered as savings for individuals in the post-retirement period. In this regard, existence of retired but still working individuals indicates that in Turkey there is no correspondence between the age of retirement and the age of exit from labor force. These results should be taken into account to evaluate the age of retirement and pension payments. Otherwise, early payment of pension incomes may weaken labor market attachment of individuals.

Men are self-employed, women are wage workers

Table 3 displays the employment status of retirees who are still working. Observe that working male retirees consist mainly of self-employed individuals. Half of retirees who are still working are self-employed, 12.1 percent of them are employees and 4.2 percent of them are unpaid family workers. In other words, two-thirds of working male retirees is self-employed and one-thirds is working as regular or causal employers. For women, the situation is quite different. The ratio of female retirees working as regular employers to total female working retirees is 40 percent; one-thirds of them are self-employed and

one-fourths are unpaid family workers. Since the number of male working retirees is more than that of woman, the employment distribution of total working retirees is parallel to that of male working retirees.

Table 3 The labor force status of working retirees (2010)

	Working retirees (thousand)	Regular Employee (thousand)	Casual Employee (thousand)	Employer (thousand)	Self-employed (thousand)	Unpaid Family (thousand)
Male	1888	439	131	227	1009	79
	100	23,3	7,0	12,1	53,5	4,2
Female	128	44	4	7	38	33
	100	34,9	3,6	5,9	30,0	25,7
Total	2016	484	136	235	1048	112
	100	24,0	6,8	11,7	52,0	5,6

Source: Survey of Income and Living Conditions, 2010, TurkStat; Betam

Retirees in the Black Sea region continue to work

The ratio of retirees who are working to total retired individuals by regions is provided in Table 4. According to data, the ratio of retirees who are working to total retired people is 48.3 percent in Black Sea. However, the same ratio for Turkey in general is 28.4 percent (Table 4). West Black Sea with 40.6 percent is the region with the second highest working retiree ratio. Regions above the average in Turkey are West Marmara, East Marmara, Mediterranean and Central Anatolia. Southeast Anatolia and Istanbul have the lowest ratio (2.1 percent).

Table 4 Working retirees by region (2010)

Level 1 Regions	Total of Retirees (thousand)	Working Retirees (thousand)	Working / Total of Retirees (thousand)
TR1- Istanbul	1307	275	21,1
TR2- West Marmara	380	112	29,7
TR3- Aegean	1211	322	26,6
TR4- East Marmara	821	236	28,8
TR5- West Anatolia	686	174	25,4
TR6- Mediterranean	871	264	30,3
TR7- Central Anatolia	348	110	31,6
TR8- West Black Sea	559	226	40,6
TR9- East Black Sea	284	137	48,3
TRA- Northeast Anatolia	132	33	24,9
TRB- Central east Anatolia	195	50	25,9
TRC- Southeast Anatolia	343	72	21,1
Turkey	7143	2016	28,2

Source: Survey of Income and Living Conditions, 2010, TurkStat; Betam