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RETHINKING RETIREMENT IN GREECE: FLEXIBLE PATHWAYS, GAPS AND POLICY IMPLICATIONS

Abstract

Population ageing, evolving labour markets, and concerns over financial sustainability have placed increasing pressure on pension systems across Europe. In response, many countries have introduced flexible retirement pathways that allow individuals greater choice in how and when to retire. This paper examines the design and implications of flexible retirement pathways in Greece. It maps the available options, outlines the corresponding financial incentives and disincentives, and analyses their expected impacts. To deal with demographic pressures and fiscal challenges, Greece has implemented extensive pension reforms, with the primary aim of raising effective retirement ages and encouraging longer working lives to enhance the long-term financial sustainability of the pension system. These reforms have shaped the currently available flexible retirement pathways, such as deferred retirement, early retirement with benefit reductions, and the possibility of combining pensions with income from work.

Evidence indicates a gradual increase in the effective retirement age, higher employment rates among older groups, and a rise in employed pensioners, highlighting a shift toward extending labour market participation. Flexible retirement options have likely contributed to this development, although broader reforms have also played a substantial role in increasing the effective labour market exit age. However, little is known about the distributional effects of flexible retirement in Greece or the motivations behind individual choices. Barriers remain, including limited awareness, administrative complexity, and weak financial literacy, highlighting the importance of transparency and accessible information to support informed decision-making.

Keywords: flexible retirement, Greece, pensions

Introduction

In recent years, many EU pension systems have undergone reforms aimed at introducing more flexible retirement pathways and strengthening incentives to defer retirement, as part of broader efforts to extend working lives and ensure the financial sustainability of pension schemes (European Commission, 2021; 2024a). At the same time, population ageing is placing pressure on pension systems, intensifying concerns about both their long-term sustainability and the adequacy of retirement incomes. In this context, policymakers at the EU level have increasingly emphasised the need to assess the impact of pension reforms that expand opportunities for flexible retirement and allow individuals to combine pension income with wages.

This article examines these issues in the case of Greece. Greece combines rapid demographic ageing with a history of fragmented pension arrangements and a labour market characterised by relatively low employment rates of older workers, high unemployment rates among young people, and persistent gender gaps. In the aftermath of the 2008/9 financial crisis, extensive pension reforms were introduced to restore the fiscal balance of the pension system, including increasing statutory retirement ages, eliminating early retirement options and restructuring entitlements. While these reforms have been widely analysed from a fiscal and institutional perspective, little attention has been given on how flexible retirement pathways operate in practice in the Greek context, what incentives they create for individuals, and the extent to which they are actually utilised.

The originality of this research lies in providing a comprehensive mapping and critical analysis of flexible retirement in Greece, drawing on the statutory rules of the pension system and examined within the broader policy context. Unlike previous work that has examined pension reforms primarily from a fiscal perspective, this study focuses on the interaction between pension design, individual behaviour, and policy objectives related to employment and ageing. By identifying the pathways currently available, analysing their take-up, and exploring their expected impacts, the study contributes new insights into the dynamics of flexible retirement in Greece and highlights the policy gaps and their implications.

The objectives are threefold: first, to map the different flexible retirement pathways and corresponding incentives currently embedded in Greece's statutory pension schemes; second, to analyse the take-up of these pathways and their expected impacts; and third, to highlight policy gaps and their implications. In doing so, the article seeks to contribute both to the Greek policy debate and to the wider European discussion on the future of retirement and the evolving design of pension systems.

It should be underlined that the analysis focuses primarily on the statutory pension schemes, which include all social security and similar programmes administered by the general government (i.e. central and local government, plus other public sector bodies such as social security institutions), access to which is based on

legislation. While supplementary (occupational and personal) pension schemes are not the main focus, they are considered where relevant in relation to flexible retirement pathways. Special rules for specific groups such as civil servants or workers in arduous jobs are mentioned where they influence the broader picture, but the analysis remains focused on the general statutory system.

The structure of the article is as follows. It begins by outlining the theoretical framework and then provides a brief overview of the evolution of the Greek pension system. It proceeds with a mapping of the flexible retirement pathways available in Greece, followed by an analysis of their impact based on available data. The discussion then turns to the identification of policy gaps and their broader implications. Finally, the article concludes with a section that summarises the main findings of the research.

Understanding flexible retirement

In recent years, flexible retirement policies have moved to the forefront of European policy debates, reflecting their central role in strategies to extend working lives, adapt pension systems to demographic ageing, and balance fiscal sustainability with adequate social protection. The European Commission's 2024 action plan highlights this priority, underlining the need to evaluate "the impact of pension reforms introducing more opportunities for flexible retirement and for combining pension income with a salary" (European Commission, 2024b, p.6). International organisations such as the OECD (2017) have similarly stressed that the design of pension systems plays a decisive role in shaping retirement behaviour and the uptake of flexible options. However, alongside the design of the pension system, labour market structures and workplace arrangements also play a crucial role in shaping retirement behaviour, influencing not only the feasibility of flexible exit pathways but also the capacity of older workers to remain employed. In its *Demography Toolbox* (October 2023), the Commission underscores this interaction, highlighting that "more flexible working time arrangements support the retention of older workers, for instance with flexible or reduced working hours, and enable people to remain longer in employment if they choose to" (European Commission, 2023, p.13). Therefore, it might be argued that retirement decisions, including those involving flexible retirement pathways, are not only the outcome of individual choice about labour market exit; they are embedded in a multidimensional process shaped by institutional arrangements, labour structures, and social norms. Consequently, the concept of flexible retirement cannot be understood simply as a technical adjustment of pension rules. Rather, it is embedded in life-course transitions, shaped by economic incentives and personal circumstances, linked to welfare state restructuring, and engaged with broader debates on inequality and agency.

Historically, retirement has been a socially constructed institution, used by governments to manage labour markets and industrial restructuring (Atchley, 1982). As Ebbinghaus and Hofäcker (2013) note, during the 1970s and 1980s, governments in advanced welfare states promoted early retirement as a means of addressing industrial decline and high unemployment. However, since the 1990s, demographic ageing, rising longevity, and fiscal constraints have reversed this logic, highlighting a profound shift in retirement policy paradigms, with governments now promoting active ageing and later retirement (Ebbinghaus and Hofäcker, 2013). Within this context, flexible retirement has emerged as an institutional innovation of the 21st century, reshaping the sequencing of the life course by offering multiple trajectories into retirement. Flexible retirement refers to policies and practices that allow individuals to combine employment and pension receipt, to reduce working hours gradually, or to adjust the timing of labour market exit. Examples include partial retirement schemes, combining pension benefits with income from work, deferred retirement bonuses and early-exit penalties and flexible or reduced working hours for older people (Spasova et al., 2025). Nowadays, as Holman and Walker (2021) argue, synthesising intersectionality with a life course perspective reveals how individuals enter later life with unequal resources, health conditions, and employment histories, shaping diverse experiences of health inequalities in ageing. Contrary to a rigid statutory retirement age, flexible retirement is designed precisely to address such heterogeneity by offering more tailored exit pathways.

Retirement flexibility is often examined through the lens of labour economics, where retirement is analysed as a decision shaped not only by personal preferences or health status but also by institutional structures. Gruber and Wise (2007) demonstrate how social security systems function as powerful drivers of retirement timing by creating implicit taxes or subsidies on continued work. Their comparative analysis across multiple countries revealed substantial cross-national variations in retirement behaviour, linked to the design of pension rules for statutory pensionable ages, differences in pension accrual rules, eligibility conditions, and benefit formulas. Retirement decisions are therefore not purely individual choices but strongly conditioned by the incentive structures embedded in pension systems. Comparative evidence further illustrates the diversity of strategies associated with flexible retirement. Eurofound (2016) demonstrates cross-country variation in partial retirement schemes, while its more recent review Eurofound (2024) highlights the broader range of practices used to keep older workers engaged, from phased retirement to targeted workplace adjustments.

While institutional incentives and policy frameworks play a central role in shaping exit pathways, retirement behaviour also reflects the interaction of individual characteristics and broader socio-economic contexts. This is evident in Axelrad's (2018) comparative analysis, which highlights significant differences in patterns of

retirement timing, showing that retirement decisions are shaped both by individual characteristics (e.g., gender, education, health, occupation) and country-level indicators (e.g., GDP, annual unemployment rate, level of pension spending, and national policies and cultural norms). In a similar vein, Baumann and Madero-Cabib (2021) explore retirement trajectories in countries with flexible retirement policies but differing welfare regimes, finding that outcomes diverge substantially depending more on welfare systems than on flexible retirement policies themselves. Kuitto and Helmdag (2021) examine how policies shape older workers' labour market participation, concluding that pension system rules and incentives are significant determinants of retirement decisions and prolonged labour market exits. Consequently, evidence suggest that retirement outcomes cannot be explained by individual preferences or flexible retirement policies alone but must be understood within the broader institutional and policy contexts that structure opportunities and constraints.

Building on this, current debates increasingly situate flexible retirement within a broader policy paradigm shift. Flexible retirement should not be viewed as an isolated reform but as part of an integrated approach that links pension design, incentives, and labour market conditions. Rather than treating retirement as a one-time, fixed event, policymakers increasingly design pension systems to influence the timing and form of labour market exit. Rewards and penalties are structured to guide behaviour, as postponing retirement typically results in bonus accruals, while early exits generate deductions proportional to expected longer benefit duration (Eurofound, 2016). By offering partial pensions, deferred retirement bonuses, or flexible working arrangements, states attempt to reconcile fiscal sustainability with individual choice.

However, it should be noted that a growing body of research critically examines the distributional consequences of flexible retirement. While the policy discourse often frames flexibility as a means of enhancing individual choice, scholars caution against an overly optimistic view. Vickerstaff and Loretto (2017), for example, characterise flexible work and retirement as ambivalent phenomena; while they may empower older workers by allowing a gradual reduction in working hours and smoother transitions out of employment, they may also reinforce social inequalities, including through the unequal distribution of care responsibilities. Those in good health with stable careers and sufficient financial resources are best placed to take advantage of flexible options. Conversely, those with precarious employment histories, lower incomes, or physically demanding jobs may be forced into early retirement on reduced benefits or compelled to work longer despite declining health (Spasova et al., 2025). This perspective underscores that flexible retirement must be understood not only as an institutional mechanism but as a differentiated experience shaped by inequality.

In addition, studies examining post-retirement employment and life satisfaction offer further insights. Dingemans and Henkens (2019) demonstrate that the relationship between life satisfaction and working after retirement depends on individual pension income and the resources available in the broader context. According to their findings, working after retirement can improve life satisfaction for financially vulnerable retirees, especially in poorer countries or when no partner is present, but it is not a universal solution, since many retirees cannot access jobs, and for some, working out of necessity may harm well-being. Additionally, their cross-national comparative findings reveal that working after retirement varies a lot across countries, underscoring that working after retirement may be more empowering in some systems than in others.

Moreover, research indicates that older adults with inadequate pensions are more likely to remain in employment to sustain their standard of living (Anxo et al., 2019). While working after retirement can enhance life satisfaction, its outcomes depend on factors such as education, occupational background, and working conditions (AGE Platform Europe, 2023; Anxo et al., 2019). Beyond financial necessity, many retirees continue working to maintain social connections, preserve a sense of identity, and seek mental stimulation or fulfilment (Anxo et al., 2019). Importantly, jobs that are less physically demanding and offer greater autonomy are linked to a higher likelihood of continued employment in later life (Anxo et al., 2019). This is further supported by qualitative studies, such as Sewdas et al. (2017) in the Netherlands, and Tur-Sinai et al. (2022) in Israel, that provide evidence that older adults' decisions to work longer are influenced by a mix of financial necessity, psychological factors, job satisfaction, and health considerations. The EuroAgeism report by Varlamova et al. (2021) adds another layer, identifying both obstacles and opportunities for employment in old age, including discrimination, workplace practices, and lack of training.

In general, these findings underscore that retirement is structured not only by individual choice but also by contextual factors. Gender, class, education, and occupation are key determinants of who has access to flexible retirement arrangements and who benefits from these policies (Anxo et al., 2019). Flexibility, therefore, cannot be assumed to be universally positive. Rather, it must be understood in relation to broader patterns of social stratification and labour market inequality. Institutional arrangements that appear empowering for some groups may simultaneously constrain others, reinforcing existing inequalities. This perspective highlights that flexible retirement pathways cannot be treated as a uniform solution but they must be understood in to the context of social stratification and labour market inequalities, recognising that the same institutional arrangements can be enabling for certain groups and restrictive for others.

Overall, flexible retirement has become a defining feature of contemporary pension and labour market policies, often framed as a way to reconcile fiscal sustainability with individual choice, while supporting smoother transitions into retirement, extending working lives, and in some cases enhancing well-being and social participation. However, evidence shows that flexibility is not a neutral tool. Its impact is shaped by pension rules, labour market structures, welfare regimes, and social norms, and its benefits are unevenly distributed across social groups. For some older workers, flexible retirement offers tailored exit pathways, phased employment, or opportunities for continued employment, though for others (particularly those in precarious jobs, with poor health, or limited financial resources) it results in constrained choices and greater risks of inequality. Understanding flexible retirement therefore requires moving beyond a narrow economic or technical perspective to a multidimensional perspective that recognises its role in shaping life courses, both reflecting and shaping social inequalities, while balancing fiscal imperatives with social adequacy.

The evolution of the Greek pension system: a brief overview

The Greek pension system has been shaped by a long history of fragmented social insurance, strong state intervention, and reliance on family solidarity. Early legislation in the 20th century produced multiple occupational funds, each with its own rules, contribution rates, and benefit formulas. This legacy of fragmentation generated profound inequalities between socio-professional groups (Petmesidou, 1991). Pensions often served as the backbone of household survival, with older people's incomes supporting unemployed or underemployed family members (Petmesidou, 2013). This reliance on intergenerational solidarity has been a defining feature of Greek social protection, compensating for the limited development of non-contributory social safety nets (Ferrera, 1996; Petmesidou, 2013). By the early 2000s, deep structural weaknesses in the Greek pension system had become evident. The country was experiencing one of the fastest rates of demographic ageing in the EU, combined with persistently low employment, widespread contribution evasion, and a narrow revenue base; together, these pressures created a fundamental imbalance: pension expenditure was rising rapidly while contribution revenues failed to keep pace (Nektarios and Tinios, 2019).

After 2009, the crisis years marked a radical rupture. Under the conditionality of the EU and IMF adjustment programs, successive governments implemented sweeping pension reforms. These included raising the statutory retirement age to 67 (with early retirement at 62 for those with 40 years of contributions) for almost all employees, merging dozens of insurance funds into the single e-EFKA, and harmonising benefit formulas under a unified national and contributory pension scheme (European Commission, 2024c). Replacement rates were drastically reduced, in-

dexation to wages and prices was suspended for a decade, and benefits were cut repeatedly (European Commission, 2018). The reforms also introduced automatic adjustment of retirement ages in line with life expectancy, aligning Greece with broader European trends (European Commission, 2021).¹

While these measures achieved fiscal savings and enhanced administrative uniformity, they also led to significant income losses for older people, who were disproportionately affected by austerity measures (Kaltsouni and Kosma, 2015). Post-crisis reforms have sought to balance fiscal sustainability with adequacy. The 2016 reform (Law 4387/2016) introduced a two-tier system combining a national non-contributory pension with an earnings-related contributory pension under uniform rules (European Commission, 2018). In 2020, Law 4670/2020 slightly improved accrual rates for longer careers, while in 2022 a new defined-contribution auxiliary scheme provided by the Hellenic Auxiliary Pensions Defined Contributions Fund (TEKA) was launched, shifting part of the system toward funded individual accounts (European Commission, 2024c).

Despite consolidation, challenges remain. Inequalities persist, particularly affecting women and workers with fragmented contribution histories (European Commission, 2024c). The predominance of contributory logic leaves those with interrupted or informal careers at risk of inadequate pensions, while non-contributory safety nets remain modest by European standards (European Commission, 2024c). At the same time, according to the National Actuarial Authority (2023), the latest pension projections demonstrate that demographic pressures will intensify fiscal strain, even after recent reforms, unless employment rates increase significantly.

In sum, the Greek pension system illustrates the tension between fiscal consolidation and social adequacy. Crisis-driven reforms rationalised institutional structures and enhanced financial stability of the pension system, but largely through retrenchment. As a result, pensions have assumed a more residual character, shifting their emphasis from comprehensive income security toward providing only minimum guarantees.

Mapping of flexible retirement pathways

The design of flexible retirement pathways in Greece is shaped by statutory provisions governing the timing of pension claims, the possibility of combining work with retirement income, and the incentives or disincentives embedded in contribution and benefit rules. Unlike some EU countries where phased or partial retirement options are well developed (Spasova et al., 2025), flexibility in Greece is more narrowly defined. It mainly concerns the possibility of deferring retirement beyond the statutory pensionable age, retiring earlier under differentiated conditions, or

¹ For more details on the current pension system, see European Commission (2024c), pp. 120-131.

continuing to work while receiving a pension. These arrangements reflect the policy objectives of extending working lives and ensuring pension system sustainability.

More specifically, as far as deferred retirement is concerned, individuals who meet the qualifying conditions for old-age pensions have the option to continue working beyond the statutory pensionable age of 67. An important exception applies to civil servants, who are required to retire upon reaching this age. This means that, except for civil servants, those eligible for old-age benefits can choose when to retire based on their personal circumstances and preferences. It should be noted, however, that, unlike some other EU countries, in Greece there is no provision for a general flexible pensionable age.

Moreover, the pension system foresees differentiated pensionable ages for specific categories of insured people. This concerns workers with at least 40 years of contributions who are entitled to retire without benefit reductions at 62, rather than the statutory pensionable age of 67. Special provisions also apply to parents of children with disabilities, military personnel, and workers in arduous occupations, who may retire earlier provided they meet the relevant contribution thresholds. These differentiated rules continue to play an important role in shaping retirement behaviour.

A further element of flexibility concerns the possibility of combining pension benefits with income from work. Retirees who claim a full pension at pensionable age may continue to work as employees, self-employed, or farmers while receiving their full pension. They are required to notify the Digital National Social Security Fund (e-EFKA) through a dedicated platform before resuming employment, and financial penalties apply in cases of non-compliance. In addition, working pensioners must pay social insurance contributions and an additional non-contributory fee to e-EFKA, the level of which depends on employment status. Several exemptions apply, including for pensioners with disabilities, parents with large families, and low-income farmers. By contrast, pensioners employed in general government entities before the age of 62 have their pension payments suspended until they reach that age. Importantly, the same rules apply to individuals combining work with an early pension; no special provisions exist in this case. At the same time, Greece does not offer the option of partial retirement or phased withdrawal from the labour market. As a result, flexibility is largely limited to the decision to defer retirement, to retire early under certain conditions, or to combine pension benefits with continued employment.

When examining the rules that affect pension benefits and incentives to work longer, it becomes evident that the Greek pension system shapes retirement decisions primarily by encouraging the deferral of retirement and by regulating the conditions under which pension receipt can be combined with continued employment. A defining feature is the close link between pension entitlements and an individual's

employment and earnings history. Longer contribution periods translate directly into higher benefits, thereby creating a strong structural incentive to remain in employment and prolong working life. Although contributions are subject to a ceiling (set at EUR 7,373.53 per month for private-sector employees), this level is far above both the average salary (EUR 1,342 per month in 2024) (Ministry of Labour and Social Security, 2025), let alone to the statutory minimum wage (EUR 880 per month since April 2025). As a result, for the vast majority of workers, the financial incentive arising from the link between continued employment and improved pension outcomes remains strong.

Non-standard workers, however, often face challenges in meeting the qualifying conditions, thereby struggling to benefit from these incentives. Shorter or fragmented careers and lower earnings make it difficult for them to build adequate contribution records. The system further penalises workers with fewer than 20 years of contributions through reductions in the national pension, while early retirees also face financial penalties. Annual accrual rates for contributory pensions reinforce these patterns: low rates apply during the first 15 years of contributions, but increase steadily, peaking at 2.55% between 36 and 40 years. Beyond 40 years, however, the accrual rate drops sharply to 0.5%, significantly reducing returns to additional employment. As a result, the system strongly encourages participation up to 40 years of contributions but offers weak incentives thereafter.

Additional financial incentives arise from the rules governing the national pension. The standard amount of the national pension (i.e., EUR 436.39 per month in 2025) is reduced both for individuals with fewer than 20 years of contributions and for those retiring before the statutory age of 67. For workers with fewer than 40 years of residence in Greece, further reductions apply, with the benefit cut by 2.5% for each missing year of residence.

Recent reforms to the rules on combining pensions with employment have also altered retirement incentives. Since 2024, pensioners may work while receiving their full benefits, with their additional contributions used to increase the contributory component of their pension. Under the earlier system, in place until the end of 2023, pensioners faced significant disincentives to work, as employment often triggered reductions in pension benefits and additional contribution periods were not used to recalculate entitlements. The new framework therefore encourages older individuals to claim their pension and continue working, rather than deferring retirement altogether. Pensioners who remain in employment are required to pay statutory social security contributions as well as an additional non-contributory fee to e-EFKA, though exemptions exist for certain groups, including low-income farmers and pensioners with disabilities. Importantly, the system does not provide for partial or phased retirement.

In addition, it should be noted that there are no distinct taxation policies applicable to flexible retirement pathways, nor are there specific tax incentives for employees to defer retirement or for employers to encourage the hiring of pensioners. Therefore, taxation does not play a role in shaping retirement choices. Similarly, eligibility for other forms of social protection is not affected by deferring retirement or by the combination of pension with work. As long as individuals meet the minimum qualifying conditions for specific benefits, they retain access irrespective of their employment or retirement status.

Taken together, these rules create a mixed set of incentives. While the design of accrual rates and benefit reductions strongly encourages individuals to work up to 40 years, the sharp decline in returns thereafter, coupled with the ability to combine full pensions with earnings, makes continued employment after pension claiming more attractive than deferring retirement. This interplay of incentives shapes not only individual choices but also broader patterns of labour market participation among older workers in Greece.

Impact of flexible retirement pathways

A crucial question for policymakers seeking to extend working lives is how flexible retirement pathways affect the labour market participation of older workers. Greater flexibility in pension systems can have several potential consequences depending on individual circumstances, institutional design, and labour market conditions. Some individuals may choose to remain in employment while receiving retirement benefits, thereby postponing full exit from the labour force. This may appeal to individuals who value the additional income, wish to maintain social and professional engagement, or seek to gradually transition out of work rather than face a sudden retirement. At the same time, however, flexible retirement pathways carry the risk of widening inequalities. Workers in desk-based or less physically demanding occupations are generally better placed to extend their working lives, while those employed in manual, arduous, or physically strenuous jobs may find it difficult or impossible to continue working, regardless of the incentives on offer. Without compensatory measures, flexibility may therefore privilege those already advantaged in the labour market.

This section therefore examines the available evidence on how flexible retirement pathways operate in Greece and their implications for labour market participation and for the pension system. It considers the extent of take-up, the effects on effective retirement age, labour market dynamics, fiscal sustainability, distributional outcomes, and quality of life, as well as the motivations driving individual choices.

As analysed earlier, the main flexible retirement pathways in Greece include deferring retirement, combining pension benefits with income from work, and retiring at the age of 62 (instead of 67) for those with at least 40 years of contributions.

However, there are currently no aggregated data or surveys available on the take-up rates of these pathways or on the number of people who defer retirement. This lack of systematic monitoring is itself a limitation, as it prevents policymakers from assessing whether policies are meeting their objectives.

As a result, insights into the use of flexible retirement options must rely on more limited and fragmented sources, such as administrative data and specialised survey data. Specifically, an indication can be provided from data on pensioners who remain in employment. According to administrative data provided by e-EFKA, out of approximately 2.11 million pensioners² (IDIKA, 2024), 3.4% or 84,239 pensioners declared their employment (81,179 old-age and military pensioners) as of 21 May 2024. Out of the total number of pensioners who declare employment (84,239 people), 66.8% or 56,264 are men and 33.2% or 27,970 women, with 5 not specifying their gender. Among working pensioners, the majority are self-employed or freelancers (37.6% or 31,665 people), followed by employees (33.9% or 28,560 people) and farmers (27.8% or 23,413 people).

It is worth noting that administrative data provided by e-EFKA for December 2023 – the last month under the previous regulations – show that 37,529 old-age pensioners (or 1.98% of total old-age pensioners) declared employment. Of these, 72.99% or 27,393 people are men and 27.01% or 10,136 people are women. This number is considerably lower than the 80,905 old-age pensioners who declared employment in May 2024, representing an increase of 43,376 people (115.6%). Although there is no hard evidence to explain this significant increase, it can likely be attributed to the new regulations effective from January 2024, which allow pensioners to continue working without a reduction in their pension benefits. Previously, pensioners faced a 30% reduction in their pension if they continued to work, which might have discouraged many from taking-up or declaring employment. This provides evidence that regulatory design matters: incentives and penalties embedded in pension rules directly shape whether pensioners declare and formalise their employment.

Additional insights are provided by the Ad hoc Survey on Pensions and Labour Market Participation (ELSTAT, 2024). According to the findings of this survey, individuals receiving an old-age pension and still working represent 1.8% of all employed persons in 2023. Among statutory pensioners aged 50-74 who remain in or return to the labour market, financial reasons were the predominant motivation: 32.9% report that continued employment is necessary for financial reasons, while a further 14% because it is financially attractive. Notably, 25.8% of respondents stated that they continued working because they enjoyed being productive and engaged in the labour market. This highlights the importance of individual characteristics

² This number does not include survivors' pensioners.

and behaviours in shaping retirement decisions. It is also worth noting that, according to the same survey, 11.6% of persons 50-74 years old stated that they received a reduced statutory pension in 2023. Significant gender differences are observed: 84.7% women and 40.7% men reported receiving a reduced pension as a result of early retirement. Although there is no hard evidence, this might suggest that flexibility interacts with existing labour market inequalities, with women more likely to use early-exit options, often linked to shorter and more fragmented careers and/or family care responsibilities.

As to the impact on retirement age, OECD data on the effective labour market exit age show that between 2014 and 2022 this increased by 2.7 percentage points for men (from 60.5 in 2014 to 63.2 in 2022) and 0.5 percentage points for women (from 59.2 to 59.7) (OECD, 2023). However, this reflects not only flexible retirement but also reforms aligning pensionable ages, restricting early exits, and linking the statutory age to life expectancy (European Commission, 2018). Despite the observed increases, the average effective labour market exit age in Greece remains lower than the pensionable age of 67 years for both men and women. Yet, the fact that the national pension system allows those with at least 40 years of contributions to retire with a full pension at 62 years, suggests that men's average effective labour market exit age is closer to the pensionable age, possibly due to longer contributory periods compared to women or other reasons such as exiting the labour market for care responsibilities (Eurofound, 2024).

Although no comprehensive administrative data exist on the age at which pensions are first claimed, survey evidence provides some indicative insights. According to recent findings (ELSTAT, 2024), the average age of first receipt of a statutory pension among persons aged 50-74 is 58.6 years, slightly higher for men (58.9) than for women (58.2). Importantly, retirement age varies across occupational groups, ranging from 59 years for technicians and associate professionals to 65.6 years for skilled agricultural, forestry, and fishery workers. Legislators, senior officials, and managers retire later than most other groups (63.8 years), reflecting the less physically demanding nature of their work and the stronger alignment between experience and employability in these occupations. Along with these individual characteristics that shape retirement behaviour, the main feature of the pension system expected to have an impact on effective retirement age is the link of the statutory pensionable age to life expectancy, according to which the statutory pensionable age is projected to rise from 67 today to 72.5 years in 2070 (National Actuarial Authority, 2023, p. 36).

Moreover, the possibility for pensioners to continue working while receiving a pension benefit provides a clear incentive to extend participation in the labour market, thereby affecting the age of final withdrawal from the labour market. This is reflected in the rising employment rates among individuals aged 65-74. Accord-

ing to EU Labour Force Survey (LFS) data, only 4.5% (6.4% for men and 2.7% for women) of individuals in this age group were employed in 2014, reaching 9% in 2023 (12% for men and 6.6% for women).³ Further to this, projections suggest that this trend will continue, with the employment rate among those aged 65-74 expected to rise further, reaching 23.3% by 2070 (National Actuarial Authority, 2023, p. 22). These projections also indicate a significant increase in average labour market exit age, from 63.8 years in 2023 to 67.5 years in 2070 (National Actuarial Authority, 2023, p. 23), which is probably attributed to the projected increase in the statutory pensionable age.

With regard to the impact of flexible retirement on labour market dynamics in Greece, while this is difficult to be estimated, certain indicators provide a useful illustration. For instance, available LFS data for Greece show that employment rates increased across all age groups from 2014 to 2023.⁴ However, the increases among those aged 60-64 and 65-69 (from 24.1% in 2014 to 42.5% in 2023 and from 6.5% in 2014 to 14.9% in 2023 respectively) suggest a trend towards prolonged labour market participation among older workers. During this period, both men and women in older age groups have experienced increases in employment rates, but men generally have higher employment rates across all age groups. The most significant increases in employment rates are observed among those with medium and high education levels, particularly in older age groups. This suggests that individuals with higher educational levels are more likely to work longer or to benefit from flexible retirement options.

Additionally, LFS data on the average number of usual weekly hours of work reveal a decline in average working hours over the period 2014-2023.⁵ In particular, the average weekly working hours for the 55-64 age group decreased from 43.6 hours in 2014 to 41.5 hours in 2023, a reduction of 2.1 hours. For the 25-54 age group, the average weekly working hours slightly decreased from 41.9 hours in 2014 to 41 hours in 2023, a decline of 0.9 hours. This overall decrease in working hours is more pronounced among those aged 55-64, possibly suggesting that flexible retirement pathways might be allowing older workers to reduce their working hours.

In a similar vein, an indication of the impact of flexible retirement pathways on labour market dynamics is also provided by the number of years a person aged 15 is expected to be active in the labour market throughout their life.⁶ According to this indicator, the total number of active years in the labour market for a person aged 15

³ Source: Eurostat, LFS, Code = lfsa_ergaed, downloaded on 28 May 2024.

⁴ Source: Eurostat, LFS, Code = lfsa_ergaed, downloaded on 28 May 2024.

⁵ Source: Eurostat, LFS, Code = lfsa_ewhuis, downloaded on 29 May 2024.

⁶ Source: Eurostat, LFS, Code: lfsl_dwl_a, downloaded on 28 May 2024.

has shown a steady annual increase from 32.1 years in 2014 to 34.2 years in 2023. The expected active years for men in the labour market increased from 35.7 years in 2014 to 37.5 years in 2023, while for women it increased from 28.3 years in 2014 to 30.6 years in 2023, showing a more significant increase of 2.3 years compared to 1.8 years for men. This increase suggests a potential impact of the changes in retirement policies, including flexible retirement pathways, on extending labour market participation.

Distributional effects of flexible retirement pathways in Greece are largely unexplored. While the system does not include mechanisms explicitly designed to mitigate potential inequalities created by incentives to defer retirement, the possibility of taking into account “notional years of insurance” for non-contributory periods such as maternity leave, unemployment or military service serves as an indirect mechanism to mitigate potential regressive distributional effects by helping workers with interrupted careers to qualify for pensions. Similarly, the fiscal and societal impacts of flexible retirement remain under-researched, though it is noted that actuarial projections suggest that the overall sustainability of the Greek pension system is ensured in the long term, with public pension expenditure projected to decline by 2.5 percentage points of GDP by 2070 (National Actuarial Authority, 2023).

Finally, little is known about the motivations behind individual choices to use – or to avoid – flexible retirement options. While recent trends point to increasing employment among pensioners and rising exit ages, further research is needed to understand whether these outcomes are driven by financial necessity, personal preference, workplace practices, or policy incentives. Without such evidence, it is difficult to assess the broader implications of flexible retirement for quality of life, equity, and social outcomes.

To sum up, the available evidence suggests that flexible retirement pathways have begun to shape retirement behaviour in Greece, particularly through reforms that make combining pensions with employment more attractive. They have contributed to rising employment rates among older age groups and to modest increases in effective labour market exit ages. However, their impact remains uneven. Gender, education level and occupation strongly influence the ability to take advantage of flexibility, raising concerns about inequality. Moreover, key drivers of retirement behaviour appear to lie less in the flexible options themselves than in broader structural reforms – most notably the statutory link between pension age and life expectancy. Overall, flexibility has potential as a policy tool, but without complementary measures to address disparities, its benefits risk being unevenly distributed across the workforce.

Policy gaps and implications

Flexible retirement pathways are increasingly recognised as a means of managing the transition from work to retirement, motivated by the need to reconcile system sustainability with individual preferences and extending working lives (Spasova et al., 2025). Although in EU countries such pathways take multiple forms (Spasova et al., 2025), in Greece, they are only partially developed and lack a coherent overall design, leaving the available options relatively limited. While provisions such as deferral of retirement and differentiated pensionable ages exist, these only apply to certain categories of workers, resulting in uneven access to flexible retirement options across groups of workers in the country. In addition, there is no provision for a general flexible pensionable age or for partial retirement schemes that would allow a gradual transition from work to retirement. Instead, the main pathway for flexible retirement in Greece is the option to combine employment with a full pension. This shows that flexibility in the pension system remains limited and primarily promotes post-retirement work rather than enabling gradual or phased exits from the labour market. However, access is uneven in practice, benefiting certain occupations and career patterns, while disproportionately disadvantaging those with fragmented employment histories.

In this way, the pension system risks deepening inequalities between occupational groups, men and women, and standard versus non-standard workers, thereby reinforcing existing labour market segmentation. Workers in physically demanding jobs, people with fragmented careers (mostly women), and those in non-standard employment face particularly constrained choices, while the system lacks targeted measures to effectively address these disparities in access to flexible retirement pathways and ensure adequate retirement income for vulnerable groups, resulting in gaps in adequacy. As the preceding analysis shows, current policies focus almost exclusively on pension rules, while neglecting active labour market policies, and the role of employers. Yet employers' practices (e.g., age discrimination, lack of flexible work arrangements, limited reskilling opportunities) strongly influence whether older workers can or choose to remain in employment. At the same time, public support for active labour market measures tailored to older workers, including reskilling, training, and workplace adaptations, remains almost nonexistent. Without such measures, many older workers are unable to take advantage of extended working lives or benefit from flexible retirement options.

Policy should distinguish between “desirable” flexibility (voluntary phased retirement, part-time work, or meaningful employment) and “constrained” flexibility where older people continue working out of financial necessity due to inadequate pensions. While extending working lives can be beneficial, the way the system encourages people to retire later or discourages them from retiring early needs to be handled carefully. If the balance is weak, the system risks disproportionately penal-

ising individuals who are unable to remain in employment. Existing evidence warns that flexible retirement can reinforce or even deepen inequalities when labour-market access and job-quality gaps remain unaddressed (OECD, 2017). In Greece, as analysed in the previous section, evidence shows that opportunities for benefitting from flexible retirement concentrate among men with continuous employment histories and higher qualifications, while older wage-earners (especially women and those with interrupted or low-wage careers) face barriers to retention and re-entry (Eurofound, 2025; ELSTAT, 2024).

Moreover, monitoring of flexible retirement pathways remains weak, with no systematic reporting on take-up of flexible retirement pathways, nor are there simulation studies on their labour market or distributional impacts. This lack of evidence impedes informed policymaking and prevents a thorough assessment of whether flexibility contributes to system sustainability, equity, or quality of life in old age. In fact, the dimension of well-being and quality of life among older people is almost entirely absent from the policy debate, despite growing evidence that retirement transitions affect not only financial outcomes but also social participation, health, and life satisfaction, as analysed earlier. In general, policy design in Greece continues to focus on fiscal sustainability, with little attention to the quality of life, preferences, and needs of older workers (e.g., desire for gradual retirement, reduced hours), thereby limiting the legitimacy and effectiveness of flexible retirement reforms.

Information provision constitutes an additional policy challenge. People require clear and reliable information on the benefits they can expect under different retirement scenarios to support informed planning. In Greece, the e-EFKA website is the primary source of information on social insurance, offering general descriptions of schemes, rights, entitlements, and obligations. Additional channels exist (i.e., the “Unified Citizen Contact Number 1555,” the myEFKAlive digital service, and the “Digital Communication Room”) as well as the government’s digital portal which centralises procedural information (Konstantinidou and Theodoroulakis, 2022). Additionally, personal online accounts provide access to individual insurance histories and some rights information, but they do not offer precise entitlements or benefit amounts. Critically, there is a lack of personalised information on individual entitlements, and of tools that would allow users to model alternative retirement timings or combinations of pension and earnings. As a result, although people can access information about the rules affecting pension benefits and eligibility for old-age benefits, they lack the necessary tools to calculate or simulate various scenarios and make informed decisions.

Overall, these gaps and implications suggest the need for a more coordinated approach. Greater emphasis should be placed on monitoring and evaluation mechanisms to assess how flexible retirement pathways operate in practice and what

effects they generate across different groups. Policy coordination between pension design and labour market measures is also essential, ensuring that flexibility is not simply about prolonging working lives but about supporting fair, sustainable, and adequate transitions. Finally, Greece could benefit from exploring the adoption of additional flexible retirement options, such as partial pensions or phased retirement schemes, introduced in a transparent manner and supported by clear information to workers and employers alike. In short, while flexible retirement holds potential as a policy tool, its current limited and uneven application risks reproducing inequalities. Addressing these shortcomings requires stronger monitoring, better coordination with labour market measures, and a more comprehensive set of flexible options that balance sustainability with fairness and quality of life.

Conclusion

This article has examined the design, use, and implications of flexible retirement pathways in Greece. The analysis shows that, while recent reforms have introduced certain forms of flexibility (i.e., deferred retirement, differentiated pensionable ages, and the option to combine employment with a full pension), the overall policy framework remains limited, unevenly distributed, and lacking in coherence. Flexibility in Greece largely promotes post-retirement employment rather than gradual or phased withdrawal from the labour market, with access concentrated among workers in standard, continuous careers and significantly more limited for women, low-income earners, and those with fragmented employment histories. As a result, instead of reducing inequalities, current arrangements risk reinforcing them.

The findings also underscore the importance of labour market structures and employer practices in shaping the feasibility of flexible retirement. Yet active labour market policies targeted at older workers, such as reskilling, workplace adaptation, or measures to combat age discrimination, remain underdeveloped. Monitoring and evaluation are similarly weak: there is little systematic reporting on take-up, no simulation studies of labour market or distributional effects, and limited attention to how retirement transitions affect quality of life. Information provision also remains inadequate. While citizens have access to general pension rules, they lack personalised tools and simulations to assess the impact of different retirement scenarios, which undermines informed decision-making.

These gaps have clear policy implications. Flexible retirement cannot be treated as a purely fiscal or technical mechanism; it must be embedded in a broader strategy that balances sustainability with adequacy and fairness. This requires better coordination between pension policy and labour market measures, greater investment in monitoring and evaluation, and the development of user-friendly tools that make entitlements transparent. Moreover, the introduction of additional pathways, such

as partial pensions or phased retirement, could provide older workers with more meaningful and equitable choices.

At the same time, this study highlights important limitations. Data on take-up and outcomes remain fragmented, making it difficult to assess the full impact of flexible retirement in practice. Further research is needed to examine the interaction between pension rules, labour market structures, and individual behaviour, with particular attention to gendered and occupational inequalities, job quality, and the well-being of older workers. Comparative studies would also shed light on alternative models and their transferability to the Greek context.

Acknowledgement:

This paper is based on the report “Flexible retirement pathways: Greece” which was prepared in 2024 for the European Commission as part of the contract “Expert network for analytical support in social policies” between the European Commission and the Luxembourg Institute of Socio-Economic Research (LISER). However, it reflects the views only of the authors. The original report this article is based upon can be found [here](#). The Synthesis Report prepared for the European Commission on the topic (“Flexible retirement pathways: An analysis of policies in 28 European countries”), which covers the 27 EU Member States as well as Norway can be found at the same web address.

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