

Ageless Ambition

A Liberal Vision to Reap Europe's
Demographic Dividend



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Executive Summary and Key Policy Recommendations

A new narrative

Demographic change is not a drawback but a design challenge.

Fighting demographic trends has proven to be both costly and ineffective so far. Treating ageing as a problem also stigmatises the elderly and instils fear in younger generations, framing different age groups as competitors instead of allies. The goal of this publication is to challenge prevailing narratives around demographic change and offer a positive, forward-looking vision, where Europe can turn longevity into an opportunity for economic and social renewal. The chapters outline practical pathways and evidence-based actions for policymakers, communities, and citizens to take charge and shape this transition together.

EU-wide policy recommendations

Chapter 1. Work, Care, and the Good Life: A New Deal for Europe's Ageing Societies

#1 Create an EU-wide Care Single Market

- **Why it stands out:** Addresses one of the most acute structural supply-side gaps in Europe's social model.

#2 Make core hours the default in workplace flexibility

#3 Recognise informal carers

#4 Channel funding and resources into the care infrastructure on every level

Chapter 2. Smoothing Transitions: Embedding Flexibility into Longer, Fuller Careers

#1 Embed paid training leave in social insurance systems

- **Why it stands out:** Enables people to take time away from work to retrain, update skills, or shift sectors, allowing them to stay in the labour market or realise their ambitions during more volatile career paths.

#2 Make the right to telework a default for all

#3 Make it possible for parents to take leave together

#4 Break down barriers to partial pensions and blended work options

#5 Make the Pan-European Personal Pension Product more attractive

Chapter 3. Smarter Systems for Longer Lives: Unlocking Efficiency in an Ageing Europe

#1 Incentivise domestic and care innovation

- **Why it stands out:** Robotics, automation, digital coordination, and AI-enabled tools can drive major productivity gains in these low-efficiency sectors, creating inclusive economic growth in ageing societies.

#2 Have an EU-wide debate about end-of-life choice and pain-alleviating care

#3 Use revamped cohesion policy instruments for the 2028–2034 budget period to cluster functions and services

#4 Use revamped cohesion policy instruments for the 2028–2034 budget period to make Europe the most connected continent

Chapter 4. Strengthening Intergenerational Connections: A New Social Contract for an Ageing Society

#1 Invest in a Europe-wide network of intergenerational housing and social infrastructure

- **Why it stands out:** Tackles young people's number one issue – access to affordable housing – while strengthening social ties.

#2 Add an intergenerational dimension to ERASMUS

#3 Conduct an EU-wide debate on wealth-transfer policies

#4 Increase algorithmic transparency

Key observations

- Time has become the core organising principle of modern social policy.
- Digital inclusion is now inseparable from both flexibility and social participation.
- Social innovation outperforms traditional welfare expansion.
- Care infrastructure determines Europe's demographic and economic sustainability.

Key recommendations

- Embed a positive, life-course approach to ageing across EU strategies.
- Invest in engaging flagship initiatives.
- Prioritise the effective implementation of existing legislation across Member States.



Introduction

This publication starts from a simple premise: demographic change is not a drawback but a design challenge. Our goal is to challenge prevailing narratives of demographic change as a crisis and offer a forward-looking, evidence-based vision in which Europe can use demographic change as an opportunity to reimagine the foundations of social and economic life.



Europe's demographic change is not a countdown, but a redesign challenge.

This could be in the form of improved balance between work, life, and care; more flexible and efficient systems; or higher levels of intergenerational trust and connections, making Europe more productive, fair, and sustainable. This publication outlines practical pathways for policymakers, communities, and citizens to co-

shape this transition and to turn longevity into an opportunity for renewal. Competences for dealing with the effects of ageing are largely in the hands of Member States, while the EU is well placed to identify key issues and trends supporting action on ageing at national, regional, and local levels.¹ Europe's demographic change is not a countdown, but a redesign challenge.

It is time to change how the EU and its citizens perceive ageing. Fighting demographic trends has proven to be both costly and ineffective so far – like bailing out water with a teaspoon. Treating ageing as a problem

¹ European Commission (2021), Green Paper on Ageing: Fostering Solidarity and Responsibility Between Generations (Brussels: Publications Office of the European Union), https://commission.europa.eu/system/files/2021-06/green_paper_ageing_2021_en.pdf.

is an issue in itself, as it stigmatises the elderly while instilling fear in younger generations. It is a positive development that across Europe life expectancy is increasing and the overwhelming majority of added life years are spent in good health.²

With the share of people aged 65+ set to exceed 30 per cent by 2050,³ Europe stands at a pivotal moment: it can either treat ageing as a burden or use it as a transformational catalyst for social innovation, productivity, and solidarity. Technological and green transitions interact with ageing in complex but promising ways. Technology offers tools to make ageing societies more productive and inclusive. Europe's ageing and stabilising population can meanwhile support the green transition, where well-being is further decoupled from material consumption. Embracing change and leaning into the opportunities created by the forces that reshape twenty-first-century Europe is the most forward-looking strategy for policymakers.

From burnout to balance: reimagining careers and care for longer lives

Europe can seize this moment to redesign working lives. Demographic change enables and urges societies to reimagine long-standing policy frameworks. The current social contract around careers and care is increasingly out of sync with what Europeans consider a 'good life', which can be seen as related to having fewer children. The number of Europeans who experienced burnout stands at 59 per cent and is increasing, with women and youth being the most affected.⁴

² OECD (2025), *OECD Employment Outlook 2025: Can We Get Through the Demographic Crunch?* (Paris: OECD Publishing), <https://doi.org/10.1787/194a947b-en>.

³ European Liberal Forum (ELF) & Liberal Institute for Political Analyses (LIPA) (2025), *EU Labour Market: Liberal Solutions to Retain, Attract and Innovate* (Brussels: European Liberal Forum), <https://liberalforum.eu/wp-content/uploads/2025/10/Labour-Market-Publication.pdf>.

⁴ STADA (2025), *Mental Health Factsheet*, https://www.stada.com/media/7354/stada_factsheet_mental_health_en.pdf.

On top of this a fifth more people in the EU will be in need of long-term care by 2070 (see Figure 1). As demand for long-term care rises, the situation is likely to get worse. People either need more access to care, to spend less time working, or to get help with balancing their various responsibilities. There is ever more demand for flexible working arrangements including location, hours, and part-time options.

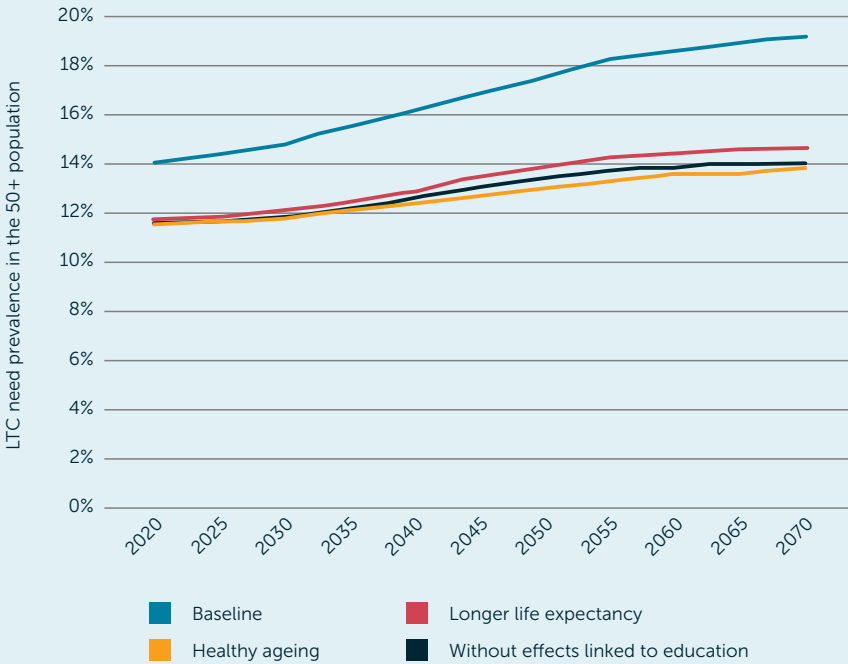
The desire to work exclusively from home has increased from 13 per cent in 2020 to 24 per cent in 2024, yet the supply of such jobs has decreased⁵ People also look for more opportunities to take time off work for sabbaticals or for retraining in order to keep up with fast-paced technological and labour-market developments. Lifetime employment will have to, and should, evolve into a longer, more balanced career trajectory, but with multiple pauses for care, retraining, or simply rest with a smooth and gradual transition into retirement.

Lifetime employment will have to, and should, evolve into a longer, more balanced career trajectory



⁵ Eurofound (2024), *Quality of Life in the EU in 2024: Results from the Living and Working in the EU E-Survey* (Brussels: Publications Office of the European Union), <https://www.eurofound.europa.eu/en/publications/all/quality-life-eu-2024-results-living-and-working-eu-e-survey>.

Figure 1. Projections of long-term care needs of those more than 50 years old by 2070.



Note: Long-term care needs of those more than 50 years of age: percentage increase between 2020 and 2070 in different scenarios.

Source: JRC (2024), 'Demographic Projections of Long-Term Care Needs in the EU Up to 2070' (Science policy brief), European Commission, Joint Research Centre, based on Figure 2.

There is also a deep-rooted need to drastically change our society’s current approach to care. Every one of us needs care and support at multiple points across our lives: in childhood, sickness, and old age. Domestic caregivers provide vital economic and social contributions that remain undervalued by markets and are often even unrecognised by social insurance schemes. This workload is still overwhelmingly borne by women; they make up 90 per cent of the formal care workforce, and on top of this, across the EU 7.7 million women are out of employment because of their informal care responsibilities.⁶

⁶ European Commission (2022), *A European Care Strategy for Caregivers and Care Receivers*, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5169.

Valuing and reimagining how we provide care is essential not only for gender equality but also for maintaining labour supply, social cohesion, and dignity in ageing societies. Europe must improve recognition and support services, expand access to high-quality, affordable care, and make sure people don't have to choose between making ends meet and caring for a loved one. Care is social infrastructure, not a private burden.

Bridging the gap: renewing solidarity across generations

As Europe ages, there arises a compelling need to rethink the ways in which resources, responsibilities, and opportunities are balanced among generations. Many current economic and policy dynamics privilege older cohorts: these include historic gains in equity and housing markets. In most countries, older people are 9 per cent less likely to live in poverty than children, and the wealth gap has also been widening in their favour.⁷ Meanwhile younger generations are inheriting long-term problems that put their future at risk, such as climate change and deteriorating public finances.

This creates a sense of unfairness and intergenerational tensions that can be further polarised by politics framing different age groups as competitors instead of allies. One of Europe's key strengths has always been its capacity to reinvent solidarity. A harmonious future depends on recognising that every generation has something to give and much to gain from each other in workplaces, households, communities, and public life. Europe can rebuild intergenerational trust and connection through shared spaces and experiences. Renewed solidarity can also reshape public discourse and be a source of societal resilience.

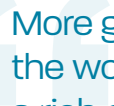
A related opportunity lies in the upcoming intergenerational wealth transfer – the largest in modern history – as the Baby Boomer generation passes on its assets. People inherited more wealth in 2025 than ever before. Western Europe was a focal point, where 48 people

⁷ OECD, *OECD Employment Outlook 2025*.

inherited EUR 128 billion – more than twice the number in North America.⁸ Inheritances are now expected to arrive later in life, as older people increasingly retain wealth in their later years. This makes it too late for the money to aid home purchases but instead further boosts wealth levels during later working age. Among younger cohorts, those without access to bequests or gifts and transfers during the lifetime of their benefactor increasingly face barriers to wealth accumulation in their lives.⁹

The key policy question related to generational wealth transfers is how, and under what social and fiscal conditions, these transitions will occur. This shift in economic resources could catalyse broader changes in wealth distribution and provide a much-needed capital injection for entrepreneurial ventures, human capital development, and housing for younger generations.

More generations in the workforce present a rich opportunity for cross-generational learning, collaboration, and innovation. Work itself is poised for transformation through longer healthy life expectancy and the collaboration of an increasing number of generations. Organisations can harness the knowledge and skills of older employees not only as workers but also as advisors and institutional memory, supporting younger colleagues while ensuring continuity. The workplace can also provide an opportunity for older adults to learn from the young regarding new tools, trends, and approaches.



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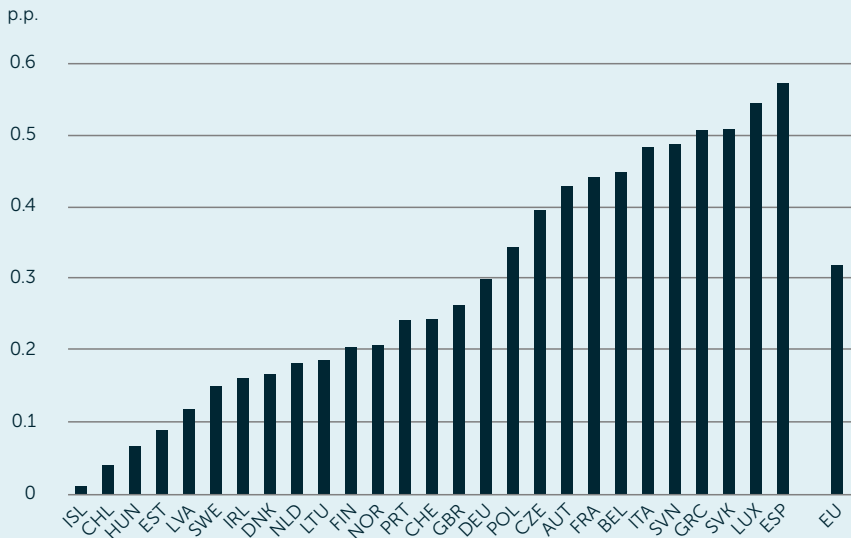
However, the employment rate among workers aged 55 to 64 in EU27 countries is currently below 50 per cent, and many leave work before

⁸ UBS Group AG (2025), *Billionaire Ambitions Report 2025: The Rise of a New Generation*, UBS, <https://www.ubs.com/billionaires>.

⁹ OECD, *OECD Employment Outlook 2025*.

reaching the mandatory retirement age.¹⁰ Removing disincentives and encouraging older adults to remain engaged in ways that fit them – through flexible retirement and work options, mentoring roles, or pension entitlement incentives – can be part of the solution and could lead to considerable economic gains in many European countries. By increasing employment of older people to those of the best-performing OECD countries, the EU on average could gain an additional 0.3 percentage points of annual GDP per capita growth according to estimations (see Figure 2). Such initiatives therefore can both strengthen social connections and relieve pressures on public finances and the labour market.

Figure 2. Additional annual GDP per capita growth when increasing employment of older workers to the level of best performers.



Notes: Percentage point difference in average annual GDP per capita growth if countries increase employment of older workers to that of the best 10% of OECD countries. EU is the unweighted EU average.

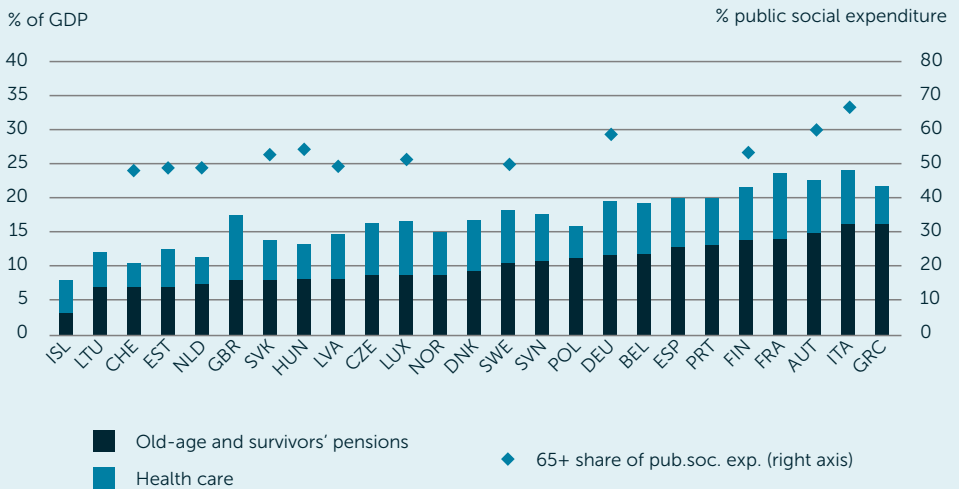
Source: OECD (2025), *OECD the econolook 2025: Can We Get Through the Demographic Crunch?* <https://doi.org/10.1787/194a947b-en>, based on Figure 2.12.

¹⁰ ELF & LIPA, *EU Labour Market*.

Turning efficiency into well-being: how health, spatial design, and technology can strengthen an ageing Europe

Healthcare is a critical area, where demographic change makes innovation and reform unavoidable. Such reforms are often neglected politically due to their complexity, but ageing societies can no longer afford delay. At least half of public social spending already goes to those 65+ across Europe (Figure 3). Channelling resources towards prevention is the most efficient intervention in terms of health outcomes and resources. Still, healthcare and long-term care needs will soar due to rising numbers of older adults. Efficiency stemming from innovation, digitisation, AI, robotics, and new delivery models will be key, especially regarding chronic disease management and long-term care.

Figure 3. Health expenditure in Europe, 2021.



Source: OECD (2025), *OECD Employment Outlook 2025*, based on Figure 2.A.10.

Another key component will be to rethink the goals of health systems. Merely prolonging survival should give way to ensuring dignity and alleviating pain at the end of life. This should go together with wide social discourse about free end-of-life choice, as a considerable share of lifetime healthcare expenditure occurs in the last months of life.¹¹ The goal must be to add more life to the years, rather than more years to life. Maximising well-being, independence, and purposeful activity into advanced age should be important guiding principles.

Urban and regional planning can be a decisive instrument for demographic resilience. Designing physical spaces with care and foresight can improve quality of life and strengthen communities. Around 20 per cent of the 15+ population in Europe experiences moderate levels of loneliness, with the highest prevalences in the youngest and oldest (80+) age groups.¹² Accessible and high-quality public spaces can foster participation and community engagement and counter loneliness. Depopulating cities and regions can adapt to demographic realities by improving the accessibility, proximity, and connectivity of functions. Clustering or co-locating services can increase synergies while reducing commuting times and emissions. Innovative housing solutions that facilitate more communal or multi-generational living can help cope with the housing crisis, while strengthening social ties and solidarity. Smart spatial design, when paired with digital connectivity, makes it easier for people to work, care, and participate regardless of where they live.

Technology offers the tools to make ageing societies more inclusive, productive, and sustainable. Digitisation is already expanding the possibilities for flexible work, lifelong learning, and personalised care, improving quality of life across all generations. Advancements in robotics and AI can bring unprecedented efficiency gains in domestic work, healthcare, and long-term care. Emerging evidence suggests that enhancing innovation and productivity in traditionally low-

¹¹ OECD (2023b), *Time for Better Care at the End of Life*, OECD Health Policy Studies, <https://doi.org/10.1787/722b927a-en>.

¹² Marja Aartsen, Iuliana Precupetu & Bianca Suanet (2025), *Macro Social Influences on Loneliness in Later Life: Towards a Better Understanding of the Loneliness Paradox in Europe*, International Perspectives on Aging, vol. 47 (Cham: Springer), <https://doi.org/10.1007/978-3-031-94565-6>.

efficiency sectors can play a significant role in driving inclusive growth in Europe.¹³ Prioritising investment and innovation in human-centric technological approaches could be a basis of Europe's renewed economic and social advantage. Technology is not a replacement for care, work, or connection, but an enabler that supports people to work, learn, care, and live better at every age.

A resilient tomorrow: legitimacy and sustainability in ageing democracies

Democracy is a foundation for shared futures. As Europe grows older, more diverse, and more digital, democratic renewal is essential. The growing political weight of older generations can skew decisions towards short-term interests, while younger people – most affected by long-term outcomes – remain under-represented and disengaged. The voter turnout among 18-to-24-year-olds in the EU is more than 10 percentage points lower than for adults aged 25 to 50.¹⁴ To ensure intergenerational fairness and legitimacy, every age group must feel empowered to shape the future.

But democracy must also extend beyond traditional institutions, into daily life and the digital public sphere. Social media is now the number one news source for young people in the EU, surpassing television and both print and digital media.¹⁵ However individuals who keep up with politics

Combating disinformation and polarisation is not just a security imperative, it's a condition for informed citizenship and resilient societies.

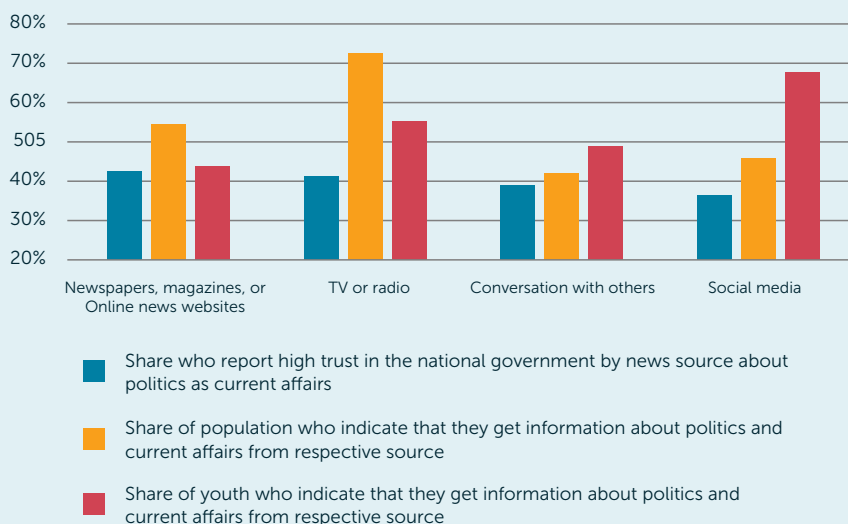
¹³ McKinsey Global Institute (2015), *Can Long-Term Global Growth Be Saved?* McKinsey & Company, https://www.mckinsey.com/~media/mckinsey/featured%20insights/employment%20and%20growth/can%20long%20term%20global%20growth%20be%20saved/mgi_global_growth_full_report_february_2015pdf.pdf.

¹⁴ OECD (2024), *Society at a Glance 2024: OECD Social Indicators* (Paris: OECD Publishing), <https://doi.org/10.1787/918d8db3-en>.

¹⁵ Leticia Batista Cabanas (2025), 'Young Europeans Face Rising Threat from Misinformation as Social Media Becomes Main News Source', Euronews, 19 February, <https://www.euronews.com/my-europe/2025/02/19/young-europeans-face-rising-threat-from-misinformation-as-social-media-becomes-main-news-s>.

or current affairs through social media tend to trust their national government the least compared to other news sources (Figure 4). This is not just an issue for the young; older adults now spend as much time online as youth and face greater risks from scams and disinformation, which is a considerable political risk.¹⁶ Bridging digital skill gaps and ensuring safe, inclusive access for all generations is critical. At the same time, algorithms that increasingly shape trust and the quality of public debate must be subject to democratic oversight. Combating disinformation and polarisation is not just a security imperative, it's a condition for informed citizenship and resilient societies.

Figure 4. Results of OECD survey on drivers of trust in public institutions, 2024.



Notes: Unweighted EU average, 2023; 'youth' refers to 18-to-29-year-olds; respondents were able to select all responses that applied.

Source: OECD (2024), *OECD Survey on Drivers of Trust in Public Institutions – 2024*

Results: *Building Trust in a Complex Policy Environment*, OECD Publishing, https://www.oecd.org/en/publications/oecd-survey-on-drivers-of-trust-in-public-institutions-2024-results_9a20554b-en.html.

¹⁶ *The Economist* (2025), 'Meet the Real Screen Addicts: The Elderly', 23 October, <https://www.economist.com/international/2025/10/23/meet-the-real-screen-addicts-the-elderly>.

Demographic change can become a lever for sustainability. Europe's ageing and stabilising population creates an opportunity to redefine prosperity and decouple well-being from material throughput. As people age, consumption patterns gradually shift from goods to services – such as care, culture, health, and education – which are more local and less resource-intensive. Currently, the 60+ cohort represents 28 per cent of Europe's total spending power, and this proportion will increase to a third by 2030.¹⁷

This transition can accelerate the shift towards a low-carbon, circular economy that values time, skills, and social infrastructure over extractive growth. In this scenario, demographic maturity and ecological responsibility can reinforce one another. Longevity can also be a driver of more social cohesion and resilience as people have more healthy life-years after labour-market exit: 4.5 more years compared to the 1980s.¹⁸ They can contribute through work, care, volunteering, or civic participation. By aligning demographic renewal with climate and social goals, Europe can pioneer a low-emission, high-quality-of-life society that prioritises fairness, well-being, and a liveable planet for current and future generations.

This volume explores demographic change through four interconnected lenses. Chapter 1 examines how policies can improve the balance between work, personal time, and care. Chapter 2 looks at how flexibility can smoothen life-course transitions while advancing quality of life. Chapter 3 explores how to unlock greater value from resources through efficiency and smarter systems. Chapter 4 focuses on rebuilding intergenerational trust and connections. Together, these chapters show how demographic change can become a driver of a more solidaristic, efficient, and future-ready Europe.

¹⁷ World Data Lab (2025), 'Silver Economy Spending Power Trends in Europe', 5 February, <https://blog.worlddatalab.com/wdl/silver-economy-spending-power-trends-in-europe>.

¹⁸ OECD (2023a), *Pensions at a Glance 2023: OECD and G20 Indicators* (Paris: OECD Publishing), <https://doi.org/10.1787/ca401ebd-en>.

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Chapter 1

Work, Care, and the Good Life: A New Deal for Europe's Ageing Societies

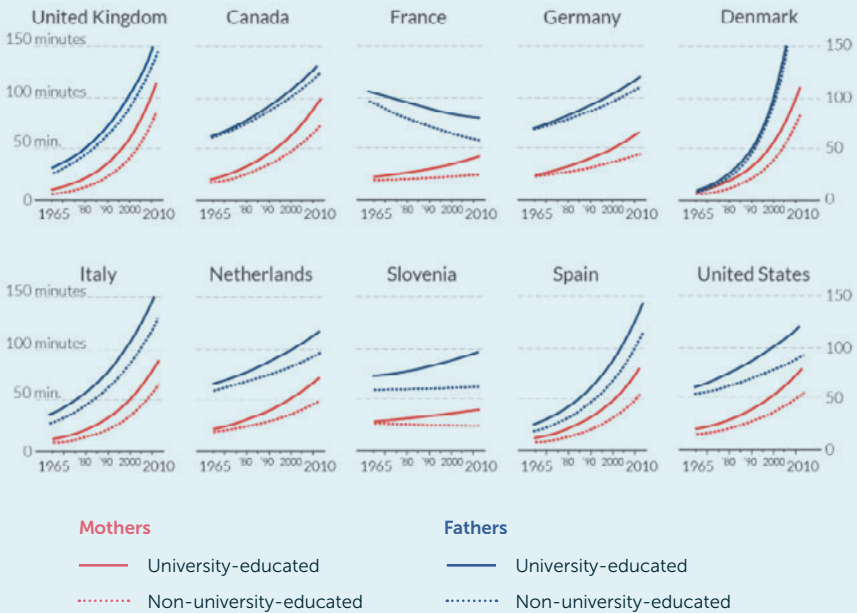
Time is the ultimate limited resource; every one of us has the same budget of 24 hours per day. It is becoming increasingly difficult for Europeans to balance time spent on caring responsibilities and work while maintaining physical and mental well-being. This chapter explores how Europe can most effectively support its citizens through these shifts by granting them greater autonomy over their use of time and fundamentally rethinking the value and provision of care. The chapter outlines how a unique European approach could prioritise the well-being of its citizens while unlocking the full potential of productivity and human capital in ageing societies.

There is a growing need for a new social rhythm over longer lives. Existing employment and social protection schemes were designed for the twentieth-century model with stable linear careers, unpaid care provided by women, less intensive parenting than today, and a bottom-heavy population pyramid. Even though people now have fewer children, both fathers and mothers spend more time parenting than ever before. Parents are spending on average twice as much time with their children as they did 50 years ago (see Figure 1). As European

As care needs are expected to soar, people need either to have more access to care, to spend less time on work, or to get help with balancing their various responsibilities.

populations shrink and the proportion of elderly people increases, more people will have to provide care for parents and seniors. As care needs are expected to soar, people need either to have more access to care, to spend less time on work, or to get help with balancing their various responsibilities. There is also an increasing recognition of the importance of mental health and self-care as key contributors to long-term well-being and productivity. A recalibration of the current work–life–care balance is necessary so that longer lives become freer, fairer, and more fulfilling, not harder to navigate.

Figure 1. Minutes spent with children per day, 1965–2010



Note: Measured in minutes per day, including washing, feeding, putting to bed, preparing food, supervising, and playing.

Source: World Economic Forum, *Our World in Data*, based on G. M. Dotti Sani & J. Treas (2016), 'Educational Gradients in Parents' Child-Care Time Across Countries, 1965–2012', *Journal of Marriage and Family*, 78(4), 1083–1096, <https://doi.org/10.1111/jomf.12305>.

Care is the silent force underpinning Europe's prosperity, yet it remains fragmented and undervalued. Rethinking the value and organisation of care means recognising it as the connective tissue that sustains families, communities, and economies. After all, it is what allows people to develop skills, participate in the labour market, heal, and sustain health into old age. Raising the status of care would also have a positive impact on the formalisation of care work, decreasing labour shortages and closing skills gaps in the field.

As long-term care needs rise, well-designed and efficient care systems will also be key to reduce pressure on hospitals and families alike, shifting focus from crisis management to continuity. When societies invest in care infrastructure – accessible childcare, long-term care, respite services, and smart home technologies – they strengthen productivity and inclusion.

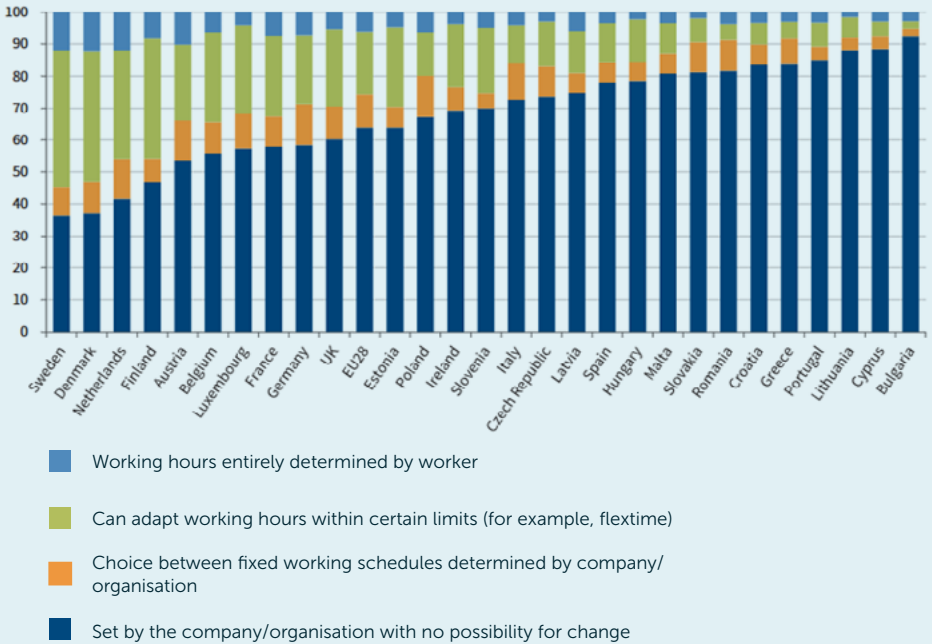
Time to choose: making work–life fit for longevity

A genuine work–life–care balance starts with real choice over how people schedule their own time. Autonomy in time management is essential to balancing work with care, learning, and rest over the life course. Yet most EU employees have their working hours strictly set by their employers (Figure 2). Innovative working-time models point the way forward. Scheduling your own time around core hours could be a promising tool for increasing well-being and mitigating bottlenecks.



Social insurance systems and sabbatical schemes, allowing pauses in employment, can turn career breaks into productive investments in health, learning, or care rather than penalised interruptions. Time-credit accounts allow employees to deposit overtime, remaining vacation days, or parts of their salary for future use: for example, to fund a longer holiday or to provide for child- or eldercare. When designed well, these models reduce burnout and make employment more compatible with family and community life, supporting longer and healthier careers. For employers, predictable flexibility increases worker satisfaction and productivity while reducing turnover. For governments, it sustains employment rates and tax revenues without costly welfare churn. By treating time as the most important form of capital, Europe can enable its citizens to live better across longer lives.

Figure 2. Share of workers by authority over working hours, 2015.



Note: Setting of working hours by country, 2015, percentage of workers.

Source: Eurofound (2017), 'Working Time Patterns for Sustainable Work', Publications Office of the European Union. <https://www.eurofound.europa.eu/en/publications/all/working-time-patterns-sustainable-work>, based on European Working Conditions Survey.

Policy innovation: Banking time, earning balance

Belgium – pausing careers without losing employment status

Belgium's time credit system (Crédit-temps/Tijdskrediet) allows employees to reduce their working hours or take a career break for up to one year, with possible extensions to five years. During this time workers' social security rights continue to accumulate, and employers are obligated to keep their jobs available. The leave can be taken in blocks, and it allows gradual return, enabling flexibility to pursue studies, care for family, or prevent burnout.¹

Finland – schedule your own working time

Finland's revised 2020 Working Hours Act lets employees self-schedule up to half their work hours around core hours between 10:00 and 14:00. The law raised daily flex-time limits to ± 4 staggered hours and broadened the right to bank overtime. The system builds predictability into flexibility, reducing stress and enabling better coordination between teams.²

¹ European Commission (2023), Long-Term Care Report: Trends, Challenges and Opportunities in an Ageing Society, vol. 2, <https://www.ifsw.org/wp-content/uploads/2021/07/KE-09-21-202-EN-N-1.pdf>.

² Firmally (2025), 'What Is the Difference Between Regular Working Hours and Flexible Working Time in Finland?', [https://firmally.fi/en/what-is-the-difference-between-regular-working-hours-and-flexible-working-time-in-finland/#:~:text=in%20absenteeism%20and%20sick%20leave](https://firmally.fi/en/what-is-the-difference-between-regular-working-hours-and-flexible-working-time-in-finland/#:~:text=in%20absenteeism%20and%20sick%20leave;); World Economic Forum (2019), 'Working in Finland Becomes Even More Flexible', <https://www.weforum.org/stories/2019/08/working-in-finland-more-flexible/#:~:text=The%20country%20has%20been%20at,three%20hours%20earlier%20or%20later.>

Germany – working-time accounts reduce burnout, improve retention, and support work–life balance

German companies increasingly use long-term working-time accounts (Langzeitkonten) to allow employees to bank overtime or salary portions over years. These credits can fund full- or part-time sabbaticals, care leave, or early retirement with continued social protection entitlements. Regulated by the Flexi II Act, these accounts are transferable and subject to transparency standards. Though not universal, they are particularly popular in larger firms and help reduce burnout, improve retention, and support work–life balance throughout careers.³

Longer lives, shorter weeks: work time in the age of longevity and automation

The move towards working fewer hours is a valid and forward-looking direction. Debates from France to South Korea highlight that as populations in advanced economies shrink and as AI and robotics develops, societies must choose how the productivity gains of the next decades are to be distributed. Pilot programmes have been introduced with reassuring outcomes. Such schemes usually reduce hours from around 40 to 32 without cutting pay, focusing on reorganising workflows and trimming. The benefits of shorter workweeks are clear: better health, more stable work–life balance, and lower turnover, with firms maintaining or boosting output. Challenges remain in sectors with rigid schedules such as healthcare and manufacturing. Trials, however, also show that shorter shifts or flexible shift-swapping can boost quality and retention, especially in labour-intensive services such as long-term care. In Germany, for example, the IG Metall union has championed a 32-hour week as a fair way to share work in industries reshaped by automation.⁴

³ OECD (2021), 'Continuing Education and Training in Germany, Getting Skills Right' (Paris: OECD Publishing), <https://doi.org/10.1787/1f552468-en>; EVG (2018), Langzeitkonten-TV | Fördervereinbarung 2018/2019, https://www.evgonline.org/fileadmin/Tarif/Tarifvertraege/Tarifvertraege_DB_Konzern/evg_TR18_LangzeitkontenTV_DB_190508.pdf.

⁴ Deutsche Welle (2023), 'German Metalworkers' Union IG Metall Pushes 4-Day Work Week', <https://www.dw.com/en/german-metalworkers-union-igm-pushes-4-day-work-week/a-65235063>.

Policy innovation: Rethinking productivity and time

Iceland and UK – shorter workweek trials

A key trial in Iceland between 2015 and 2019 involving over 2,500 workers found that productivity held steady or improved, while well-being rose and burnout declined.⁵ The UK's 2022 pilot with nearly 3,000 employees showed similar results: 92 per cent of companies continued with a four-day workweek even after the trial, reporting stable or higher performance, a 57 per cent drop in resignations, and 65 per cent fewer sick days.⁶

France – 35-hour workweek and time savings account

France's work-time reduction system (Réduction du temps de travail, RTT) accompanied the introduction of the 35-hour workweek. Any hours beyond the 35-hour limit are converted into paid rest days. Employees on schedules above 35 hours thus accumulate around 11–15 extra leave days per year. Some company agreements allow unused RTT days to be banked through time savings accounts (compte épargne-temps, CET). Some use time accumulated on CET accounts for sabbatical, parental leave, or early retirement, or even cash them out as extra salary. Leave taken from a CET is treated as regular paid work time, so benefits and seniority continue to accumulate during the absence.⁷

⁵ G. D. Haraldsson & J. Kellam (2021), 'Going Public: Iceland's Journey to a Shorter Working Week', *Autonomy Research*, https://autonomy.work/wp-content/uploads/2021/06/ICELAND_4DW.pdf.

⁶ K. Lewis, W. Stronge, J. Kellam, & L. Kikuchi (2023), 'The Results Are In: The UK's Four-Day Week Pilot', *Autonomy*, <https://4dayweek.com/assets/results/Four-Day-Week-Trial-UK.pdf>.

⁷ Direction de l'information légale et administrative (2025), 'Compte épargne-temps (CET) du salarié', <https://www.service-public.fr/particuliers/vosdroits/F1907>.

Sweden – compressed shifts, higher well-being

A Toyota service centre in Gothenburg implemented two six-hour shifts instead of one eight-hour day with full pay. Staff reported less stress and lower turnover, and the firm's profits rose by around 25 per cent. Likewise, a municipal eldercare unit trialed six-hour days. Despite higher staffing costs, care quality and nurse well-being improved.⁸

Caring across generations: turning invisible work into valued contribution

Recognising the value of care is crucial for labour-market participation, healthy ageing, and gender equality. Across Europe, millions of family members, most often women, provide unpaid care, worth billions of euros, yet with little protection or recognition.⁹ This gap translates into less time for rest and leisure for women (Figure 3), while their unpaid care penalty – proxied by potential earnings foregone – amounts to at least €242 billion a year just in the EU. This is equivalent to 66 per cent of the EU's public expenditure on childcare and long-term care.¹⁰ When providing care becomes visible in law, supported through rights, income, and services, societies unlock a vast reservoir of well-being, economic power, and gender equality. Recognising and supporting informal carers is at the heart of this shift. This can be fiscally efficient, as carers remain in the labour market instead of becoming informal or inactive. Fostering the 'equal earner – equal carer model' in the EU could generate benefits of between €24 billion and €48 billion a year.¹¹

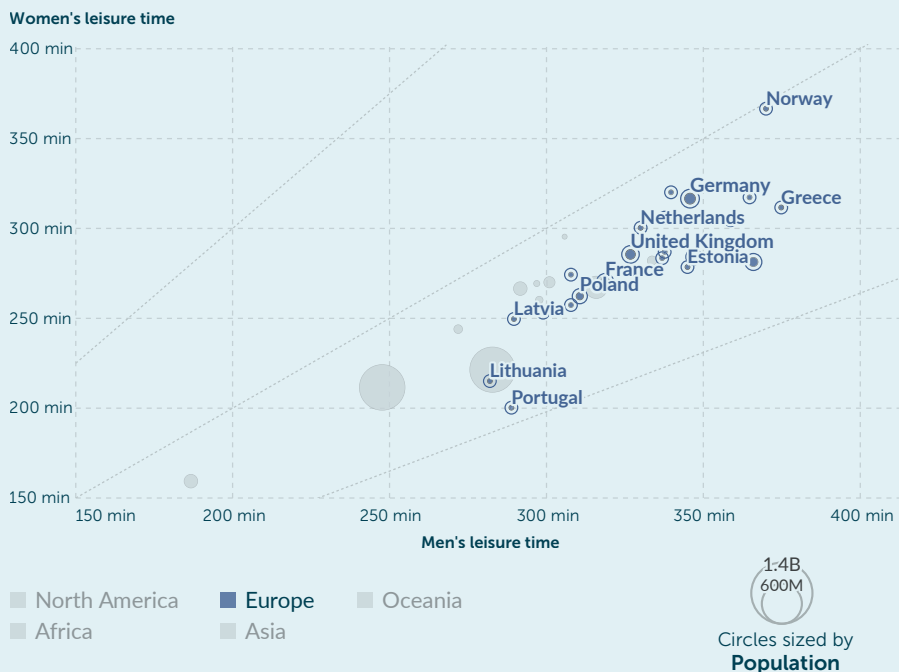
⁸ J. Henley (2015), 'Efficiency Up, Turnover Down: Sweden Experiments with Six-Hour Working Day', *The Guardian*, 17 September, <https://www.theguardian.com/world/2015/sep/17/efficiency-up-turnover-down-sweden-experiments-with-six-hour-working-day>.

⁹ European Commission (2022), *European Care Strategy*, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022DC0440>.

¹⁰ European Parliamentary Research Service (2022), 'What if Care Work Were Recognised as a Driver of Sustainable Growth?' *European Parliament*, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/730333/EPRS_BRI\(2022\)730333_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/730333/EPRS_BRI(2022)730333_EN.pdf).

¹¹ *Ibid.*

Figure 3. The average time women and men aged 15–65 spend on leisure activities



Note: these include sports, attending events, visiting friends, and watching TV.

Source: [OurWorldinData.org/time-use](https://ourworldindata.org/time-use), OECD Gender Data (2020).



Recognising the value of care is crucial for labour-market participation, healthy ageing, and gender equality.



Policy innovation: From unpaid to indispensable

Uruguay – an integrated care system recognising the right to care

Uruguay established the National Integrated Care System (Sistema Nacional Integrado de Cuidados, SNIC) in 2015. It guarantees universal access to good-quality care services for dependent individuals, while supporting unpaid family carers. The law frames the right to care and be cared for as a universal right. The SNIC covers childcare, support for people with disabilities, and eldercare. The system formally recognises and trains caregivers and provides them with assistance. It integrates home care, day centres, respite services, personal care assistants, telemedicine, and even home modifications for those in need. It has also professionalised the caregiving workforce,¹² offering training, contracts, and social security coverage.¹³

Finland and Denmark – formal employment of informal carers

Finland's Act on Informal Care establishes one of Europe's most structured informal-carer systems, where municipalities can sign formal agreements with carers and provide a taxable care allowance. Carers are entitled to at least two to three days of statutory respite per month, with municipalities responsible for arranging substitute care.¹⁴

¹² <https://www.gub.uy/sistema-cuidados/>.

¹³ ILO (2018), 'Care Work and Care Jobs for the Future of Decent Work', https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_633135.pdf.

¹⁴ European Commission (2021), Long-Term Care Report, vol. 2, <https://www.ifsw.org/wp-content/uploads/2021/07/KE-09-21-202-EN-N-1.pdf>.

In Denmark if an ill or elderly person needs intensive at-home care – comparable to full-time work or as an alternative to nursing home placement – municipalities are obliged to hire a family caregiver. Under this scheme, the caregiver is considered a public employee and receives a care allowance roughly equal to the full-time salary of a formal care worker, about €2,220 per month. Employment can typically last up to six months (extendable to nine months) and may be taken in flexible blocks.¹⁵

Modernising care leave for demographic reality: from patchwork entitlements to shared security

Existing options for care leave are often too rigid for the diverse needs and life situations that can occur. According to the EU's Work–Life Balance Directive, workers are entitled to five days of unpaid carers' leave each year, but implementation remains uneven. Many Member

States offer only minimal, often unpaid entitlement, and several countries lack any substantive statutory carer leave at all.¹⁶ Europeans should have access to adequately long and funded care leave that can be used not only for a sick child but also for ageing parents or for chosen family members. As for insurance for illness or unemployment, each person could contribute a small amount through payroll, creating a shared fund that compensates for loss of income during care absences. Embedding longer care leave in social

Embedding longer care leave in social insurance schemes can help turn costly career-break points into smooth transitions.

¹⁵ OECD (2011), 'Help Wanted? Providing and Paying for Long-Term Care', https://www.oecd.org/content/dam/oecd/en/publications/reports/2011/05/help-wanted_g1g127b2/9789264097759-en.pdf.

¹⁶ Eurofound (2024), 'Work–Life Balance: Policy Developments', <https://www.eurofound.europa.eu/en/publications/all/work-life-balance-policy-developments>.

insurance schemes can help turn costly career-break points into smooth transitions. It can also expand freedom and dignity by letting citizens choose how to care and be cared for, while unlocking much needed long-term care capacities in an ageing Europe.

Policy innovation: Unlocking capacities through care leave

Ireland – carer’s leave and carer’s benefit

Ireland offers one of Europe’s most comprehensive frameworks. Employees may take up to 104 weeks (2 years) of job-protected carer’s leave in one block or separate periods for each person they care for, with access to a state-paid carer’s benefit if they meet insurance requirements. During this period, carers continue to accumulate social insurance contributions, preserving pension rights. Complementary supports, such as respite services, flexible training, and community-based support grants, make informal care sustainable rather than exploitative.¹⁷ The leave, however, covers only family based on marriage, and Ireland recently rejected the idea of extending it to a broader recognition of care.¹⁸

Closing the care gap: designing flexible, dignified support for all ages

There is a lack of affordable quality care across the EU. An estimated 14 per cent of households have an unmet need for childcare and around two-thirds of the elderly population have unmet needs for home or institutional long-term care, while capacities are insufficient in every

¹⁷ Health Service Executive (Ireland) (2025), ‘Carer’s Leave’, <https://healthservice.hse.ie/staff/leave/carers-leave/>.

¹⁸ BBC (2025), ‘Irish Referendums: Voters Reject Changes to Family and Care Definition’, <https://www.bbc.com/news/world-europe-68484651>.

EU country. EU action to promote affordable, high-quality care could produce an additional €90 to €160 billion in benefits each year.¹⁹ The Commission's *European Care Strategy* encourages Member States to increase the offer and mix of professional care services and support informal carers, but implementation lags in many areas.²⁰ Due to the extent of unmet needs, care should no longer be seen as binary – between unpaid family responsibility and full institutionalisation – but as a continuum of options that citizens can combine according to their needs. Governments should promote mixed models that integrate home nursing, day centres, respite care, shared community facilities, digital support, and information for carers and care recipients.

Policy innovation: Quality care for every generation

Austria and Finland – structured relief for family carers

Austria's Kurzzeitpflege (short-term care) and Finland's Support for Informal Care framework (omaishoidon tuki) framework offer part-time and rotating placements in local care homes and community facilities. These services ensure continuity of care while giving informal carers scheduled, guaranteed breaks, often supported by municipalities and insurance funds. In Finland, carers also receive financial allowances and formal training, recognising their role as part of the professional care ecosystem.²¹

¹⁹ European Parliamentary Research Service), 'What if Care Work Were Recognised?'

²⁰ European Commission (2022), *European Care Strategy*, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5169.

²¹ Austrian Federal Ministry of Labour, Social Affairs, Health, Care, and Consumer Protection (2025), 'Substitute Care, Short-Term and Vacation Care', <https://pflege.gv.at/en/substitute-care-short-term-and-vacation%20care>; European Commission (2021), *Long-Term Care Report*, vol. 2.

Barcelona – a caring city

At the city level, Barcelona has pioneered a comprehensive approach through local infrastructure that supports both caregivers and receivers. In 2019, the city opened Barcelona Cuida (Barcelona Cares), a one-stop care centre that centralises information and resources for caregivers, both family members and formal workers. This hub has provided thousands of consultations, helping people navigate services and even facilitating legal employment contracts for care workers. Barcelona also introduced the Targeta Cuidadora (Carer Card) as a form of public recognition for the invaluable work of unpaid carers. The Carer Card gives caregivers access to 14 free support resources, including 24-hour psychological counselling, respite services, training, and leisure activities for self-care. Another programme, Concilia, provides free drop-in child-minding services in vulnerable neighbourhoods, giving parents, especially single mothers and those without family support, crucial relief time.²²

Conclusion – lessons for EU policy action

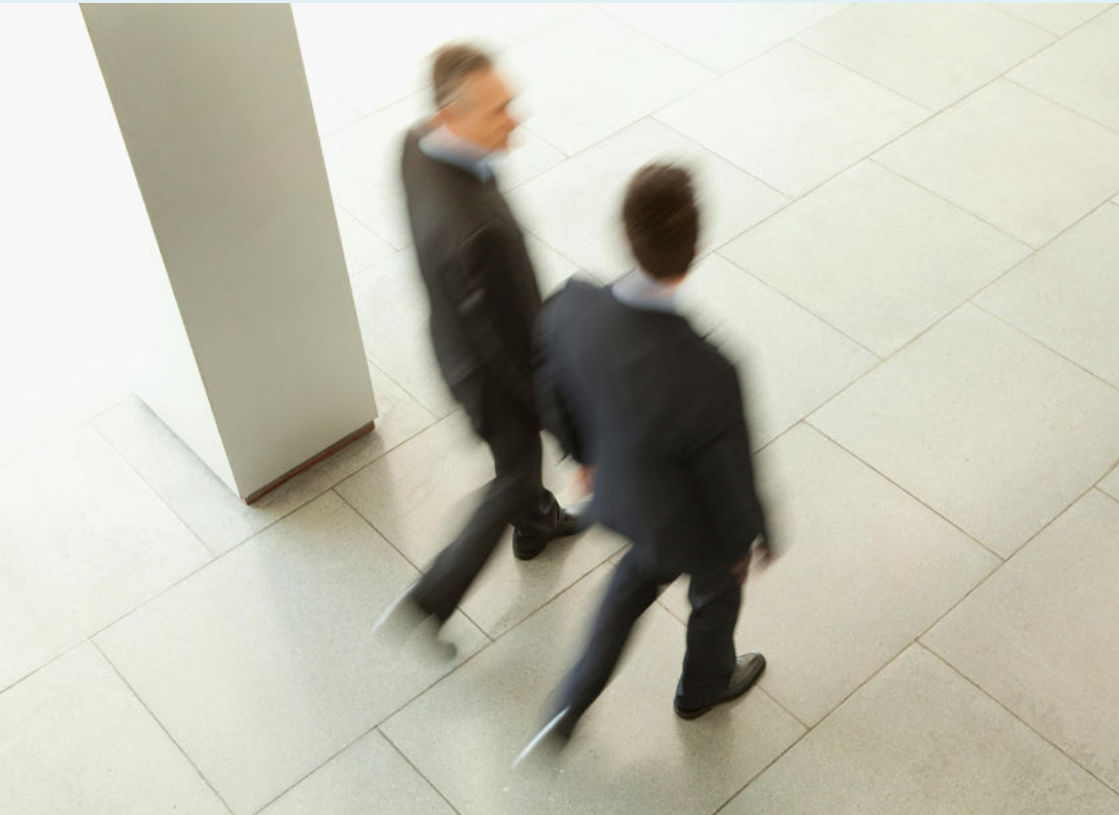
Europe's experience shows that valuing time and care can deliver measurable social and economic returns, but only when policies shift from fragmented exceptions to systemic enablers. Clear lessons emerge for EU-level action.

Help people balance work, life, and care with measures to increase time autonomy

Policies such as Belgium's time credit system, Germany's working-time accounts, and Finland's self-scheduling rights demonstrate that flexible leave and work-time arrangements increase well-being, reduce burnout, and improve retention without harming productivity.

²² <https://www.unwomen.org/en/digital-library/publications/2021/09/beyond-covid-19-a-feminist-plan-for-sustainability-and-social-justice> City of Barcelona (2022), Barcelona, a pioneering city in municipal care services with over 16,000 people assisted, https://www.barcelona.cat/infobarcelona/en/barcelona-a-pioneering-city-in-municipal-care-services-with-over-16000-people-assisted_1224266.html.

- **EU instrument and policy support:** the EU should set a core hours culture with staggered hours and self-scheduling up to half of work hours in both timing and location as a standard and promote it both to Member States and among social partners.
- **EU instrument and policy support:** the EU should expand the Work–Life Balance Directive to include flexible solutions such as time accounts, negotiated and agreed upon by European social partners and codified in labour and social protection law. The EU could lead by establishing a European Life–Course Time Account, giving every worker a transferable, insured entitlement to take paid time for learning, care, or rest without losing pension or employment rights.
- **Pilots:** pilot programmes under the EaSI or Recovery and Resilience Facility could test digital European time wallets that store accrued hours and benefits, transferable between employers and across borders.



Recognise shorter working weeks as a path to resilience

Successful pilots in Iceland, the UK, and Sweden show that reduced working hours with maintained pay can sustain or raise output while improving mental health, productivity, and well-being.

- **Policy support:** the EU should promote the idea of compressed shifts and sustainable working-time reduction in care sectors and in contexts shaped by automation to both Member States and social partners.
- **Pilot:** the EU should fund pilot schemes for shorter workweeks, compressed shifts, or shift-swapping via the EaSI programme or Recovery and Resilience Facility, especially in burnout-prone sectors.

Reimagine care as a core infrastructure of European welfare

Evidence from Denmark, Finland, Ireland, and Barcelona confirms that recognising carers, formalising support, and expanding services increases inclusion and gender equality, reduces pressure on health systems, and prevents poverty and unemployment traps for informal carers.

- **EU instruments:** the EU should strengthen the EU Care Strategy and European Pillar of Social Rights by introducing a European Framework for Carers' Rights, with recognition and minimum standards on paid leave, pension credits, respite, and training.
- **Structural reform:** the EU should work towards a Care Single Market, with shared quality standards, mutual recognition of care qualifications, and mechanisms for workforce mobility supported through the ESF+, Interreg, and RRF.
- **EU instrument and policy support:** the EU should provide and promote the channelling of more funding into the care sectors.
- **New initiative:** the EU should introduce an EU caregiver card, building on existing models, such as the EU Disability Card, which can be championed under the EU Care Strategy initiatives and co-financed through ESF+ and potentially complemented by Member States' social security systems.

By treating time as the most valuable form of capital and care as essential infrastructure, the EU can build a sustainable welfare model that delivers and empowers citizens across longer lives, making dignity, well-being, and productivity mutually reinforcing goals.

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Chapter 2

Smoothing Transitions: Embedding Flexibility into Longer, Fuller Careers

As people live and work longer in a fast-changing world, flexible transitions are becoming key to personal fulfilment, employment, economic resilience, and social inclusion. This chapter explores how Europe can support smoother life-course pathways by embedding flexibility into workplaces, learning systems, raising children, and retirement options. The chapter shows that a forward-looking European model should help people navigate change with dignity by redesigning social protection and labour systems.

Flexibility makes life easier for everyone. Flexible workplace policies are generally considered to be family-friendly and a useful option for parents with young children. Such options should rather be considered human-friendly and mainstreamed for all ages. Flexibility can indeed help primary caregivers stay in the labour market and keep families on two incomes out of poverty. But younger people may have financial constraints and have to balance studying and finding a partner with work commitments. Older adults in turn may have health or mobility constraints, so flexibility can help them to remain active longer. People will have longer career trajectories in general, with multiple pauses needed for not just care, but retraining. Longer and less linear lives need to include more opportunities to pause, learn, or care without losing income or social protection entitlements.

A new approach could break down rigid institutional systems to help citizens with smoother transitions. Policies should recognise and support building human capital in diverse ways over the lifespan. Flexible working arrangements, paid training leave, and partial retirement schemes are all part of the same logic: systematically

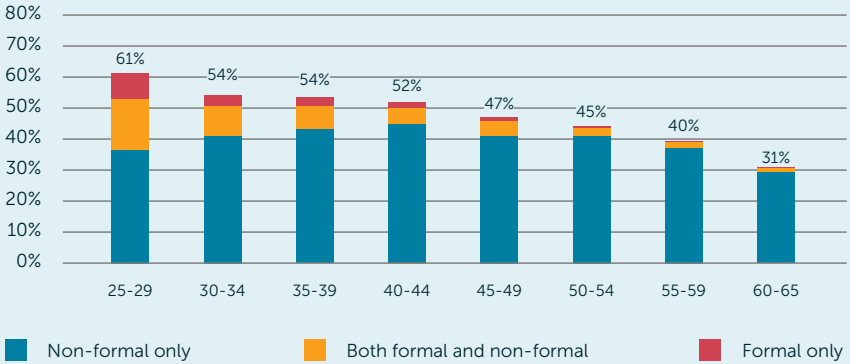
blending different aspects of life more seamlessly. Workplace flexibility can drive down the costs of housing and commuting. As long commutes to work are proven to be a stress factor, flexibility would also improve mental health.¹ But to deliver, flexibility has to be predictable and fair. Predictability means clear rules and stable access, while fairness means more enforcement and a stronger worker voice so that flexibility does not become a privilege reserved for a few.

Reskilling as a guarantee: investing in lifelong employability

Paid training leave should be embedded in social insurance systems. Participation in learning, upskilling, and retraining has tended to decrease with age (see Figure 1). As careers become longer and technology changes faster, people will have to update their knowledge and skills multiple times over their lifespans. Rather than fearing automation or ageing, societies can help people to learn how to work with new technologies or to transition to sectors with labour shortages. The EU Commission's new Union of Skills initiative acknowledges this, while the European Skills Guarantee pilots ways to help workers from declining industries gain skills for expanding sectors such as tech, defence, and clean energy. However, embedding general retraining schemes into social insurance systems in a more structured way would be an overall better and more sustainable solution. Schemes would thereby improve the employability and productivity of individuals while also easing the economic pain of labour reallocation. It makes sense for employers, employees, and the state to share the costs – turning an individual risk into a collective investment. Linking this to the Capital Markets Union would also channel private investment into human capital.

¹ J. Liu, D. Ettema, & M. Helbich (2022), 'Systematic Review of the Association Between Commuting, Subjective Wellbeing and Mental Health', *Travel Behaviour and Society*, 28, 59–74, <https://doi.org/10.1016/j.tbs.2022.02.006>.

Figure 1. Proportion of the population that participated in adult learning in the year preceding the 2025 OECD survey, decreasing with age.



Note: Weighted OECD average; formal education refers to structured and hierarchical environments such as schools/universities awarding a degree or certification; non-formal education is outside the formal system such as in workshops or clubs.

Source: OECD (2025a), 'OECD Employment Outlook 2025: Can We Get Through the Demographic Crunch?' (Paris: OECD Publishing), <https://doi.org/10.1787/194a947b-en>, based on Figure 4.8.

To reduce the financial burden of retraining, policy-makers could finance or co-finance training, incentivising employers and individuals in the acquisition of new skills and qualifications. Around the world there are innovative examples including public procurement, grants, and personal learning accounts. In France and Singapore all working-age individuals accumulate training credits.² A Council Recommendation adopted in 2022 to be part of the European Skills Agenda urges Member States to establish such accounts with personal training budgets, but implementation has been sporadic. Innovative pilots and programmes are also supported by the European Social Fund. For example, the Vienna Employment Promotion Fund offers continuing education grants and counselling for workers in the city. It also co-funds employees' course and exam fees, sometimes as much

² OECD (2019), 'Individual Learning Accounts: Panacea or Pandora's Box?', Paris: OECD Publishing, <https://doi.org/10.1787/203b21a8-en>.

as 90 per cent, with the support of the European Social Fund.³ When retraining costs are funded by employers, employees, and the state, longer working lives become a source of skill renewal, higher productivity, and growth.

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Policy Innovation: embedding retraining in social protection systems

Denmark – secure job transitions

Denmark's famed 'flexicurity' model combines labour market flexibility with social security and active training support. It provides generous public funding for unemployment benefits and retraining during job transitions, instead of relying on rigid job protection. Recently, Denmark established a transition fund (part of a tripartite agreement on lifelong learning) to offer free upskilling courses for both low- and high-skilled workers, reinforcing the safety net during technological change. This approach ensures secure career moves for individuals; they can leave jobs to retrain or upskill knowing that income support and training are in place. The system encourages lifelong adaptability, while maintaining high employment and productivity.⁴

³ Vienna Employment Promotion Fund (2025), 'ESF for Vienna', <https://www.waff.at/en/waff/esf-for-vienna/>.

⁴ World Economic Forum (2018), '5 Ways Denmark Is Preparing for the Future of Work', <https://www.weforum.org/stories/2018/11/denmark-is-preparing-for-the-future-of-work/>.

Austria – paid full- or part-time training leave

Austria enables employees to take two to twelve months of educational leave for full-time study or training, with wage replacement through social insurance. During leave, individuals receive a training allowance from the unemployment insurance fund equal to around 55 per cent of their previous net salary, or at least the level of unemployment benefit. Employers must agree to the leave, while workers have the right to return to their job afterwards. The leave can be used for accredited courses, language learning, or vocational retraining. Complementary part-time arrangements (*Bildungsteilzeit*) enable workers to reduce hours while studying, with partial wage compensation. The result: higher skill renewal rates and better retention for employers at the same time.⁵



⁵ OECD (2020a), 'Increasing Adult Learning Participation: Learning from Successful Reforms', Getting Skills Right, Paris: OECD Publishing, <https://doi.org/10.1787/cf5d9c21-en>.

Canada – employment insurance training benefit

Canada introduced the Canada Training Benefit, which integrates both time and funding for mid-career learning into its social insurance system. This policy created a refundable training credit accumulating \$250 per year, up to \$5,000 total, to help cover tuition fees for courses. It also established an Employment Insurance Training Support Benefit that offers workers up to four weeks of paid training leave every four years, with income support at 55 per cent of their weekly earnings. Canada’s model enables workers to retrain for in-demand skills rather than fearing automation or job obsolescence.⁶

Telework to the rescue: work–life balance in an ageing and digitising Europe

Flexible work should become a default option for everyone. Flexibility will be key to balancing increasing care obligations while maintaining employment and health. Access to flexible arrangements raises labour-market participation and improves work satisfaction without reducing productivity.⁷ Teleworking can drive down the costs of transport, office space, and housing. However, there is a significant and increasing mismatch between the proportion of workers able to work from home and those who would like to. Since the pandemic there has been an increase in work-from-home preferences and a steady decline in remote-only jobs. (Figure 2).

The EU’s Work–Life Balance Directive includes rights for flexible working arrangements for parents of children up to eight years old and for carers. Making flexibility the default option for all workers would mitigate potential discrimination against these groups on the job

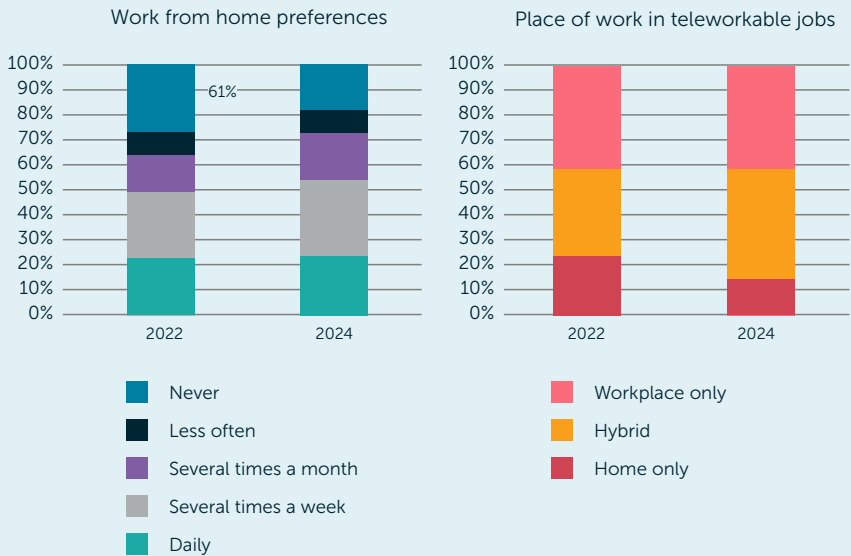
⁶ OECD (2020b), ‘Preparing for the Future of Work in Canada’, OECD Reviews on Local Job Creation, Paris: OECD Publishing, <https://doi.org/10.1787/05c1b185-en>; OECD (2020c), ‘Workforce Innovation to Foster Positive Learning Environments in Canada’, Getting Skills Right, Paris: OECD Publishing, <https://doi.org/10.1787/a92cf94d-en>.

⁷ Y. Ten Hoeve, J. Talman, J. Van Mierlo, & M. Engelen (2021), ‘Evaluatierapport Wet flexibel werken’, Ministry of Social Affairs and Employment (Netherlands), <https://zoek.officielebekendmakingen.nl/blg-968799.pdf>.

market. Advances in digital technology make flexibility possible even in professions once tied to physical presence. France and Italy allow doctors to consult with patients digitally, while remote operations and diagnostics are emerging in both healthcare and manufacturing.

Workplace flexibility can be further increased by publishing transparent flex menus of the options such as compressed weeks, split shifts, and shared roles. Making flexibility the rule, not the exception, can drive employment, well-being, and productivity across Europe.

Figure 2. Eurofound’s EU survey report, showing an increase in work-from-home preferences and a decline in remote-only jobs, 2022–2024.



Source: Eurofound (2024), 'Quality of Life in the EU in 2024: Results from the Living and Working in the EU E-Survey', Publications Office of the European Union.

Policy Innovation: flexibility, the foundation of modern labour

United Kingdom – the right to flexibility

From April 2024 all UK employees gained a statutory right to request flexible work from day one on the job. Any employee can formally seek changes to hours, location, or pattern of work immediately; if employers intend to refuse the request they are required to consult with the employee. This reform doubled the annual limit on requests and shortened decision times, aiming to embed flexibility as a default. Early reviews suggest it may improve retention and support gender equality by making hybrid or part-time work universally accessible.⁸

Finland – deciding work location for half of work hours

Finland's 2020 Working Hours Act is among the most progressive in Europe. It grants most employees the right to decide when and where they work for at least half of their weekly hours. Employers and unions have credited these provisions with improving morale and reducing unscheduled absenteeism while maintaining productivity.⁹

⁸ UK Government (2023), 'Millions to Benefit from Day One Flexible Working Rights Under New Laws', Department for Business & Trade, <https://www.gov.uk/government/news/millions-to-benefit-from-day-one-flexible-working-rights-under-new-laws>.

⁹ Firmally (2025), 'What Is the Difference Between Regular Working Hours and Flexible Working Time in Finland?', <https://firmally.fi/en/what-is-the-difference-between-regular-working-hours-and-flexible-working-time-in-finland/#:~:text=,in%20absenteeism%20and%20sick%20leave>; World Economic Forum (2019), 'Working in Finland Becomes Even More Flexible', <https://www.weforum.org/stories/2019/08/working-in-finland-more-flexible>.

Kellogg's: transparent flex menus

The food manufacturer Kellogg's designed a transparent flex menu of options for its factory and office workers. Employees can choose from alternatives such as compressed work-weeks, adjustable start or end times, job sharing, and part-time shifts. Surveys show this approach greatly increased employees' work-life balance, as 84 per cent of Kellogg's staff said they had the flexibility they needed. After putting transparent options on the table and training managers, the company reported higher productivity and lower turnover, even in its shift-based manufacturing operations.¹⁰

Time together, time well spent: modernising parental leave

Parental leave policies must ensure not only adequate duration but also flexibility, fairness, and real choice. The most effective way to close gender gaps is to offer well-paid (70–80 per cent wage replacement), non-transferable ('use it or lose it') parental leave for each parent, ideally for at least two to four months.¹¹ The EU's Work-Life Balance Directive sets a minimum of four months per parent, with two months being non-transferable. This is towards the lower end of the optimal range: evidence shows that a minimum of 6–12 months of leave after childbirth is optimal.¹² This range is linked to higher uptake, better child health outcomes, and no adverse employment effects.

¹⁰ Workplace Gender Equality Agency (2021), 'How Employers Are Flexing Differently After the Pandemic', WGEA, <https://www.wgea.gov.au/newsroom/Employers-embracing-flex>.

¹¹ World Policy Analysis Center (2023), 'Paid Leave For New Parents: OECD Country Approaches', UCLA Fielding School of Public Health, https://www.worldpolicycenter.org/sites/default/files/WORLD%20Report%20-%20Parental%20Leave%20OECD%20Country%20Approaches_0.pdf; OECD (2025b), 'Paid Leave For Fathers: Recent OECD Policy Trends', Paris: OECD Publishing, DOI:10.1787/07442bed-en.

¹² A. Nandi et al. (2018), 'The Impact of Parental and Medical Leave Policies on Socioeconomic and Health Outcomes in OECD Countries: A Systematic Review of the Empirical Literature', *Milbank Quarterly*, 96(3), 434–471, <https://doi.org/10.1111/1468-0009.12340>.

The most forward-looking systems treat parental leave as a flexible, modular entitlement, allowing parents to shape their own mix of work, rest, and care during their children's early years. True inclusivity also requires schemes to reflect diverse family forms, including adoptive, same-sex, and mosaic households. An added aspect of flexibility could be that parents can take leave at the same time or in an overlapping arrangement. This recognises that some families would prefer a shorter, shared period together – particularly in the case of twins, multiple young children, or post-partum recovery.

Policy Innovation: flexible and fair parental leave

Sweden and Germany – modular leave over an extended period

Sweden has 'ultra-flexible' leave, which can be taken in days, hours, or part-time segments, up to the child's twelfth birthday. In Germany, up to 36 months of parental leave can be taken until the child is eight in three periods and combined with part-time work.¹³

Iceland – time together, not just time off

Iceland's 2021 Family Leave Reform transformed parental leave into one of the most flexible and equality-driven systems in the world. Each parent is entitled to six months of paid leave, with an additional six months to share as they choose. Crucially, parents can take leave at the same time – for example, both staying home during the newborn phase, when care intensity and family bonding matter most. This flexibility recognises that not all families want to split care sequentially: some many prefer a shorter, shared period together. The leave is earnings-related, at 80 per cent of previous earning up to a cap, and

¹³ OECD (2024), OECD Family Database, https://webfs.oecd.org/els-com/Family_Database/PF2_1_Parental_leave_systems.pdf.

can be taken any time in the child's first two years. Within two years of Iceland's Family Leave Reform, fathers' participation rose to 90 per cent, and surveys showed higher parental satisfaction, smoother returns to work, and better work–family balance. Employers also noted reduced turnover and better reintegration of employees.¹⁴



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¹⁴ G. B. Eydal & I. V. Gíslason (2025), 'Parental Leave in Iceland: Developments from 2000 to 2023 and Effects on Gender Equality and Family Wellbeing', Nordic Council of Ministers, <https://pub.norden.org/temanord2025-547/parental-leave-in-iceland.html>.

Bulgaria – the world's longest parental leave

Bulgaria offers 410 days of parental leave that is covered at 90 per cent of salary.¹⁵ Longer and higher-paid maternity leave raises the cost of female workers to the employer; however, it also encourages more females to enter the labour market. Results show that the latter effect dominates, and a statistically significant relationship is found between the length of maternity leave and female employment.¹⁶

From cliff-edge to continuum: designing smooth retirement transitions

The boundary between work and retirement should not be a sharp line. As people live longer and stay healthier, many older adults want to slow down, rather than stop entirely, and to gradually shift the balance over time. In the EU, the main motivations cited for continuing to work were enjoyment of work and being productive (36%), followed by financial necessity (27%).¹⁷ However, the share of people combining pension and labour income remains low, around 20 per cent in the EU (Figure 3).

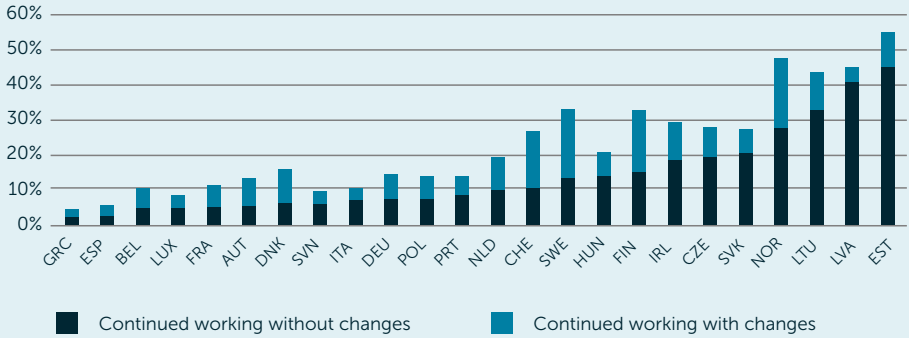
Some EU countries still restrict people from working if they are receiving early retirement benefits. Others allow this combination but put limits on hours worked or on earnings or require additional social security contributions. Flexible pension schemes should allow seniors to draw part of their pension entitlements while continuing to work reduced hours without disincentives to remain in the workforce.

¹⁵ D. Coakley (2022), 'Bulgaria Boasts Europe's Best Maternity Package', The HR Director, <https://www.thehrdirector.com/business-news/employment/best-worst-european-countries-paid-maternity-leave/>.

¹⁶ M. Amin & A. M. Islam (2022), 'The Impact of Paid Maternity Leave on Women's Employment: Evidence Using Firm-Level Survey Data from Developing Countries', Policy Research Working Papers, World Bank, <http://hdl.handle.net/10986/38038>.

¹⁷ OECD (2025), 'OECD Employment Outlook 2025: Can We Get Through the Demographic Crunch?', Paris: OECD Publishing, <https://doi.org/10.1787/194a947b-en>.

Figure 3. Proportion of people aged 50–69 continuing to work at the beginning of pension receipt, 2023.



Note: ‘with changes’ refers to e.g. changing jobs, working fewer hours, or continuing work in one job while stopping another.

Source: OECD (2025a), ‘OECD Employment Outlook 2025: Can We Get Through the Demographic Crunch?’, Paris: OECD Publishing, <https://doi.org/10.1787/194a947b-en>, based on Figure 3.12.

A smoother, more voluntary end to working life could also ease the political and social tensions around higher statutory retirement ages. When ageing is seen not as a cliff-edge but as a continuum of flexible options, working longer becomes a choice, not an imposition. Embedding such schemes in a broader life-course framework would help fiscal sustainability while retaining experienced workers, supporting intergenerational knowledge transfer, and turning longevity into an economic and social asset.

Supplementary pension schemes play an increasingly important role. With European populations ageing, it is essential to complement public pensions and foster opportunities that enable citizens to accumulate more adequate and diversified retirement income. However, the supplementary pension sector remains underdeveloped in many countries and only 18 per cent of European citizens have personal pension products.¹⁸

¹⁸ European Commission (2025), Pan-European Personal Pension Product (PEPP), European Commission – Finance, https://finance.ec.europa.eu/banking/pension-funds/pan-european-personal-pension-product-pepp_en.

Key achievements of the EU's Capital Markets Union (CMU) and the emerging Savings Union include the European Pension Tracking Service, which helps workers monitor entitlements. The Pan-European Personal Pension Product (PEPP) allows individuals to carry a low-cost pension across borders; however, the initiative is under review due to low uptake. Such efforts could help Europe shift to personalised and well-funded retirement pathways built on flexibility, security, and fairness.

Policy Innovation: enabling personalised retirement pathways

Sweden and Germany – partial pension and longer careers

Sweden's partial pension system allows workers aged 61 and above to draw 25%, 50%, 75%, or 100% of their earned pension while continuing to work part-time. Pension contributions continue to accumulate on the remaining income, ensuring a smooth and financially neutral transition.

Germany's updated Flexi-Rente model proved to be a successful element in raising the employment rate of 60–64-year-olds, which has more than doubled since the early 2000s. A reform in 2017 allows employees to combine pension payments with work without losing benefits, while both workers and employers keep paying into the pension system. There is a limit, though, at €6,300, after which the pension is reduced by 40 per cent of additional earnings.¹⁹

¹⁹ European Commission (2025), 'Flexible Retirement Pathways: An Analysis of Policies in 28 European Countries', https://employment-social-affairs.ec.europa.eu/document/download/667f3ed0-2999-40c7-a295-4bebe33b8c1b_en.

Finland – design your own retirement

The Finnish system gives individuals freedom to design their exit paths. Many take the opportunity to shift into lighter roles, pursue training, or engage in care duties for relatives, turning longevity into flexibility rather than strain. This scheme has proven very popular: by 2024, over 60,000 Finns were receiving a partial old-age pension, amounting to roughly 15 per cent of all sixty-one-year-olds opting in.²⁰

New Zealand – personal pension account with high uptake

Despite being voluntary, the KiwiSaver scheme has achieved exceptionally high participation, with over 95 per cent of working-age New Zealanders enrolled. Key to this success is automatic enrolment with opt-out for new employees. Early uptake was further boosted by a NZ\$1,000 kick-start grant, annual tax credit matches, and mandatory employer contributions (minimum 3% of salary).

The scheme also features default contribution rates, default investment funds, and a simple sign-up through payroll, removing complexity for users. This combination of soft compulsion, financial incentives, and user-friendly defaults has made KiwiSaver highly effective, especially in bringing young and low-income earners into retirement saving.²¹

²⁰ Finnish Centre for Pensions (2024), 'Partial Old-Age Pension Still Going Strong in Finland', <https://www.etk.fi/en/topical-issues/partial-old-age-pension-still-going-strong-in-finland>.

²¹ New Zealand Government (2023), 'KiwiSaver Evaluation and Statistics', Inland Revenue Department, <https://www.ird.govt.nz/kiwisaver/statistics>.

No age left offline: digital inclusion in ageing societies

Digital access is a prerequisite for flexibility in work, care, and everyday life. As more aspects of daily life go online, from banking to healthcare to civic participation, inclusive digital access becomes essential. Yet meaningful access goes beyond connectivity: it requires affordable tools, basic digital skills, and trust in digital environments. The European Regional Development Fund can be used for improving digital access and connectivity at local and regional levels.

This can be particularly important for older adults, who often face a double exclusion: from public services that digitise too fast and from digital spaces that are unsafe or unintuitive. Investments in secure platforms, strong data protection, and clear design standards can build user confidence across age groups. Public initiatives – such as free Wi-Fi, accessible devices, and digital-skills training via libraries and intergenerational mentoring programmes – can help bridge the gap.

Governments meanwhile can lead by example, embedding telework, secure e-signatures, and user-friendly digital workflows in public services as set out by the Commission's Digital Decade Policy Programme 2030 and supported by the Connecting Europe Facility. If designed with accessibility and safety in mind, digital tools can turn complexity into convenience, saving time and fostering trust in both institutions and innovation.

Policy Innovation: digital foundations for flexible lives

Estonia – building up a digital society from zero

Estonia is now one of the world’s most digital societies, a development that began with a clear political strategy in the 1990s. The country decided to treat digital access as a civic right and the state as a digital service provider. Estonia invested early in broadband connectivity, universal digital IDs, and interoperable public databases.

Today, 99 per cent of public services are available online, from registering a business to voting – although there are paper options for those who need them. Teleworking is formally recognised in the civil service, and local governments use digital signatures and paperless workflows as defaults. Healthcare, education, and social welfare services are integrated through secure e-portals, allowing citizens to book appointments, renew prescriptions, and apply for family support from anywhere. Success lies not only in technology but also in trust, digital literacy, and inclusion. Public campaigns and school curricula ensure digital skills from an early age, while libraries and community centers offer ongoing training for older adults.²²

Dell Technologies: a connected workplace


Long before the pandemic, Dell adopted a policy allowing employees in eligible roles to work remotely and receive a stipend for home-office tech. This tech-enabled flex-policy lets workers choose their work location and provides them with resources to remove home-office barriers. Dell credits this model with attracting diverse talent globally and improving retention: by treating flexibility as a standard benefit, the company shifted focus to outcomes rather than presenteeism.²³

²² Centre for Public Impact (2025), ‘E-Estonia: The Information Society Since 1997’, <https://centreforpublicimpact.org/public-impact-fundamentals/e-estonia-the-information-society-since-1997/>.

²³ Dell Technologies (2022), Flexible Work Policy: Connected Workplace (Work-from-Home Policy), <https://corporate.delltechnologies.com/content/dam/delltechnologies/assets/whoweare/resources/dell-technologies-flexible-work-policy.pdf>.

Conclusion: lessons for EU policy action

Making flexibility the rule – not the exception – across life’s transitions can increase resilience, productivity, and well-being in Europe’s ageing societies. The evidence is clear: where policy enables people



The evidence is clear: where policy enables people to pause, retrain, and adjust work or care arrangements over time, both individual fulfilment and macroeconomic performance benefit.

to pause, retrain, and adjust work or care arrangements over time, both individual fulfilment and macroeconomic performance benefit. Four core lessons stand out for EU-level action.

Embed paid learning time in social insurance systems to future-proof careers

Austria’s *Bildungskarenz*, Canada’s training benefit, and Denmark’s transition fund show that paid training leave improves employability, skill renewal, and labour-market reallocation over longer lives. Yet it remains an underused tool.

- **EU instruments:** encourage all Member States to introduce paid training-leave entitlements to allow workers to keep up with new technologies and skills. Such schemes should be negotiated with social partners and embedded in national social insurance systems.
- **Policy support:** put in place a European Paid Training Leave Benchmark to provide guidance on wage replacement, duration, eligibility, and financing.

Redefine flexibility as an enforceable foundation of decent work

Establishing legal rights to request flexible work could improve employment participation, retention, well-being, and gender equality. Predictable flexibility, such as Finland's core-hours system and Kellogg's shift menus, boosts productivity and worker satisfaction.

- **EU instruments:** strengthen the Work–Life Balance Directive by expanding eligibility and enforcement of flexible work rights beyond carers and parents.
- **Policy support:** promote telework and transparent flex menus in collective bargaining and SME management.
- **Pilot project:** use EaSI and ESF+ to support digital tools (e.g. shift-swap apps, e-scheduling platforms) that empower frontline workers.
- **Internal reform:** ensure EU institutions lead by example to mainstream digital-first practices in public services, strengthening trust in digital government.

Make parental leave symmetrical and customisable for various situations, including parallel uptake

Germany, Sweden, and Iceland demonstrate that when parental leave is well paid, modular, and symmetrical, gender equality and family well-being improve.

- **EU instruments:** the Work–Life Balance Directive should advocate for longer parental leave in the range of six to twelve months and for the option for carers to take leave together, based on the Icelandic model.
- **Policy support:** encourage modular leave schemes with minimum benchmarks for wage replacement and flexibility that families can customise over the years.

Redesign retirement as a gradual process, not a cliff-edge

Flexible pensions in Sweden, Finland, and Germany enable older adults to remain active for longer; such arrangements retain human capital, ease labour shortages, and alleviate pressures on the pension system.

- **EU instruments:** help break down barriers and disincentives for flexible retirement. Promote a European Charter for Flexible Retirement, co-created with social partners. Launch a Best Practices Compendium on flexible retirement pathways and use ESF+ and EaSI funds to start off phased retirement options, particularly in regions or industries with shrinking labour forces.
- **Policy support:** coordinate tax and pension rules to make post-retirement part-time work seamless across borders.
- **EU instrument:** redesign the Pan-European Personal Pension Product and make it more attractive through auto-enrolment financial incentives and user-friendly defaults, following the example of KiwiSaver.
- **EU instrument:** complete the CMU and the Savings Union.

By embedding flexibility into Europe's learning, care, work, and retirement systems – and treating digital access as an enabler – the EU can turn longevity into a life-course dividend. Flexible transitions, not rigid rules, are the key to fairness, dignity, and resilience in ageing societies.

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Chapter 3

Smarter Systems for Longer Lives: Unlocking Efficiency in an Ageing Europe

As Europe ages, future prosperity will depend not on doing more but rather on doing things smarter. This chapter explores how Europe can improve quality of life, equity, and productivity by unlocking greater value from the time, talent, and technologies already at its disposal. From reimagining domestic work and care systems to upgrading healthcare, mobility, and spatial planning, the chapter shows how innovation and smarter system design can sustain prosperity across longer lives. Europe can skilfully navigate the triple transition – technological, green, and demographic – by treating efficiency as a pathway to productivity, fairness, and long-term resilience.

In an ageing society, improving efficiency can be the surest way to sustain and improve living standards. Emerging evidence suggests that enhancing productivity in traditionally low-efficiency sectors such as health, care, mobility, and housing can play a significant role in driving inclusive growth in advanced economies.¹ For example, each euro spent on long-term care services can bring a domestic value added of €1.7 as well as €0.7 in taxes and social security contributions.

This can be particularly important in complementing the gains historically driven by industrial modernisation as advanced economies shift towards service-based models.² Smarter systems are not only

¹ OECD (2016), 'The Productivity–Inclusiveness Nexus' (Paris: OECD Publishing), https://www.oecd.org/content/dam/oecd/en/publications/reports/2016/06/the-productivity-inclusiveness-nexus_g1g6929a/9789264258303-en.pdf.

² McKinsey Global Institute (2015), 'Can Long-Term Global Growth Be Saved?', McKinsey & Company, https://www.mckinsey.com/~/_media/mckinsey/featured%20insights/employment%20and%20growth/can%20long%20term%20global%20growth%20be%20saved/mgi_global_growth_full_report_february_2015pdf.pdf.

economically more viable; they are fairer, greener, and better suited for longer lives. Every avoided hospital visit, every saved commuting hour, every digitised form frees up valuable resources. But unlocking efficiency takes courage: it means challenging routines, redesigning systems, and embracing smart technologies.

Domestic and care innovation: an efficiency lever in ageing societies

Domestic innovation isn't a luxury – it's equality infrastructure. Care work is systematically undervalued by society, which results in a vicious cycle that suppresses investment in the care sector and reinforces gender inequalities.³ The first gender equality revolution was powered not only by social change but also by market-driven innovation. Household appliances such as washing machines, dishwashers, and vacuum cleaners drastically reduced the time required for domestic work, enabling millions of women to enter the paid workforce. Channelling investments in smart home technologies and assistive robotics can help make domestic work more efficient.

The Digital Europe Programme includes support for care-related technologies and smart home innovations, though they form a relatively small part of the overall programme. Policymakers could accelerate the formalisation of support for household services. Innovative examples include tax credits or vouchers for professional cleaning or care work. This could increase employment, improve service quality, and ensure fairer working conditions.

Stimulating innovation in care is one of Europe's untapped efficiency frontiers. Funding applied research in care-tech tools could boost innovation and the economy, giving ageing Europe a comparative advantage in the field. The EU's Horizon Europe programme includes funding lines for health, digitisation, and robotics. A way to align needs

³ European Parliamentary Research Service (2022), 'What if Care Work Were Recognised as a Driver of Sustainable Growth?' (Brussels: European Parliament), [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/730333/EPRS_BRI\(2022\)730333_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/730333/EPRS_BRI(2022)730333_EN.pdf).

with technological advancements is to establish or support public-private innovation labs involving companies, municipalities, and universities.

The ACE (Interreg North Sea) programme aims to connect care providers, companies, and stakeholders to develop and adopt new solutions for homecare in the North Sea region via a community platform.⁴ Speeding up the take-up of such technologies and strengthening demand can happen through subsidising the purchases of nursing homes and care facilities. AI-enabled coordination platforms that connect part-time caregivers, cleaners, and nurses could mirror platforms already present in mobility and delivery services. Such innovation would also help overcome labour shortages in these sectors.

Policy innovation: smart care, shared benefits

Japan – supporting robots in elderly care

Japan's National Robot Strategy supports robots in eldercare, from mobility-assisting exoskeletons to autonomous cleaning and feeding devices. In 2015 the government began subsidising nursing homes and care facilities to purchase robots; within one year around 15 per cent of Japan's nursing homes had obtained them. These public funds also target care-tech startups (e.g. humanoid aides, sensor beds, cognitive companions) and manufacturers to enhance rollout. By lowering the cost of advanced robotics for home and facility care, Japan's policy aims to maintain elder mobility and reduce caregiver strain.⁵

⁴ Interreg North Sea Programme (2025), 'ACE – Accelerating the Home Care Innovation Ecosystem of the Future in the North Sea Region', <https://www.interregnorthsea.eu/ace>.

⁵ Asia-Pacific Research Center, Stanford University (2021), 'The Politics of Elderly Care Innovation in Japan', <https://aparc.fsi.stanford.edu>.

Denmark and Spain – public–private labs

In Denmark, the Nordic Health Lab plays a significant role in accelerating new assistive and health technologies and bridging the gap between companies, hospitals, and municipalities. The lab focuses on the entire process: identifying needs, screening and matching SMEs, and evaluating the solution's value and potentials.⁶ In Catalonia, Suara – a large social cooperative with 5000+ workers – established a Social Digital Lab in 2016, an incubator specialised in care. The lab partners with startups, universities, and public bodies. Government agencies and research institutions typically help set priorities, while tech firms (e.g. startups in AI or robotics) co-develop prototypes. Suara runs co-creation workshops, hackathons, and pilots, where caregivers, patients, and technology vendors test solutions.⁷

Belgium and Sweden – service vouchers and tax credits for household services

Since 2004 Belgian households have been able to purchase vouchers to pay for registered cleaners, gardeners, and other service providers at subsidised rates. The scheme formally employs domestic workers through certified agencies, creating jobs and formalising the sector. By 2021 about 1.2 million families, around 25 per cent of households, used service vouchers. Evaluations find that the vouchers significantly reduced undeclared domestic work and unemployment while improving worker protections. The vouchers are co-funded by regional subsidies, user fees, and tax deductions.⁸

⁶ Healthcare Denmark (2021), 'Innovating Care: Denmark's Solutions for the Future of Healthcare', https://healthcaredenmark.dk/media/rs2cuuiu/innovatingcare_web.pdf.

⁷ Suara Cooperativa (2025), Social Digital Lab, <https://suara.coop/en/innovacio>.

⁸ European Labour Authority (2021), 'Tackling Undeclared Work in the Personal and Household Services Sector', https://www.ela.europa.eu/sites/default/files/2022-03/Study-report-on-personal-and-household-sector.2021_EN.pdf.

Sweden offers a tax credit on paid domestic services for cleaning, laundry, gardening, and care called RUT. Under the scheme, individuals pay only 50 per cent of the cost for approved household work up to a ceiling (about €5,300 per year). Studies found that RUT raised labour-force participation of both men and women.⁹

Longer lives, smarter systems: a new era for European healthcare

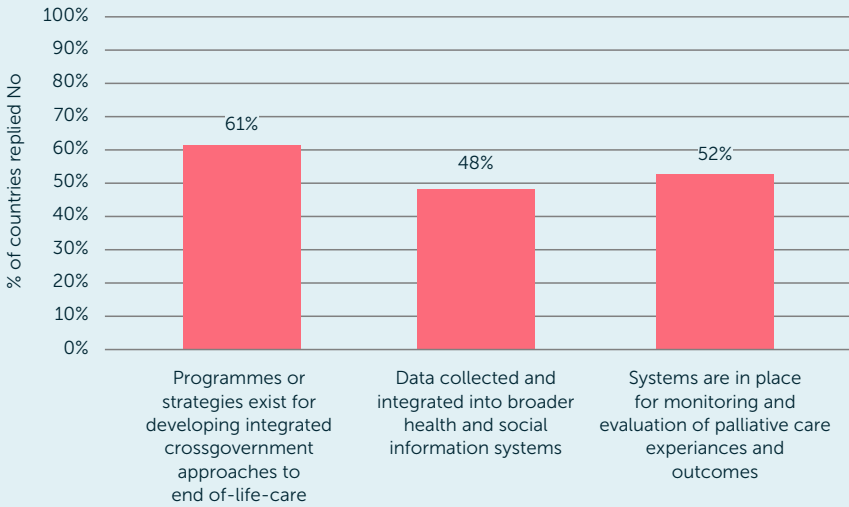
Europe's ageing societies provide a launch pad for reinvented health systems. Advances in artificial intelligence, robotics, and telemedicine provide unprecedented opportunities for reforms that make health systems more humane and much more efficient. AI-assisted diagnostics and predictive analytics can help doctors detect illness earlier; care robots and automation can ease pressure on overstretched staff, while telemedicine can extend quality care to every region and settlement.

Such tools are not replacements for human care, as there is infinite need for healthcare services; they are efficiency amplifiers. Efficiency also means shifting the centre of gravity from hospitals to homes, from crisis response to lifelong prevention. The European Health Data Space, which entered into force in 2025, aims to make cross-border telemedicine and interoperable e-health services easier to access, offering long-term potential for safer, more connected care across the EU.

Another key component will be to rethink the ultimate goals of health systems. Merely prolonging survival should give way to ensuring dignity and alleviating pain at the end of life. Yet most EU countries don't have integrated end-of-life care systems in place (see Figure 1). Improving the quality of such services should go together with wide social discourse about free end-of-life choices.

⁹ European Commission (2021), 'Tax Relief for Domestic Service Work (ROT and RUT)', Directorate-General for Employment, Social Affairs and Inclusion, <https://ec.europa.eu/social/ajax/BlobServlet?docId=21736&langId=en>.

Figure 1. Countries without well-integrated end-of-life care strategies and systems, 2023 OECD report.



Source: OECD (2023), 'Time for Better Care at the End of Life', OECD Health Policy Studies, Paris: OECD Publishing, <https://doi.org/10.1787/722b927a-en>



Policy innovation: from hospital beds to health networks

Denmark – digital hospitals-at-home

Denmark is leveraging digital solutions, including telehealth and hospital-at-home arrangements, to create a more sustainable healthcare system addressing hospital capacity challenges and staff shortages. A telemedicine-supported hospital-at-home (HaH) programme is being piloted at Nordsjaellands Hospital, where clinically stable patients receive continued care such as oxygen or IV antibiotics at home, supported by remote monitoring and teleconsultations, instead of remaining in the hospital. By reducing hospital stays while maintaining quality care, this model could enhance system efficiency and patient outcomes, offering a scalable alternative for future healthcare delivery.¹⁰

France – expanding access to telemedicine

Since 2019, France's national insurance has reimbursed video consultations on equal terms with in-person visits. This normalisation of telemedicine has expanded general access and access to specialists for mobility-restricted patients and those in rural areas. It has also reduced hospital congestion and cut waiting times without compromising quality.¹¹

¹⁰ M. N. Larsen, T. S. Dreisig, M. K. Rasmussen, et al. (2025), 'Telemedicine-Supported Hospital-at-Home for Acutely Admitted Patients at Nordsjaellands Hospital, Denmark: A Study Protocol for a Randomised Controlled Trial', *BMJ Open*, 15(5), <https://doi.org/10.1136/bmjopen-2024-098287>.

¹¹ OECD (2021), 'Empowering the Health Workforce: Strategies to Make the Most of the Digital Revolution', OECD Health Working Papers, no. 124, <https://doi.org/10.1787/37ff0eaa-en>.

Belgium – integrated approach to euthanasia and palliative care

Belgium was one of the first countries to legalise euthanasia, in 2002, alongside a companion law guaranteeing universal access to palliative (pain-alleviating) care. The reform was preceded by broad national consultations, which helped build societal consensus. Terminally ill patients experiencing unbearable suffering can request assisted dying, subject to strict safeguards, while all hospitals are required to offer palliative care teams. Over two decades, Belgium’s end-of-life policy has remained widely utilised and trusted; in 2024 approximately 3.6 per cent of all deaths in Belgium were reported as physician-assisted. By framing euthanasia as one option within a broader continuum of end-of-life care, Belgium’s dual reform gained wide public support and helped shift the focus from merely prolonging life to preserving dignity and alleviating suffering.

Smart density: bringing services and generations closer

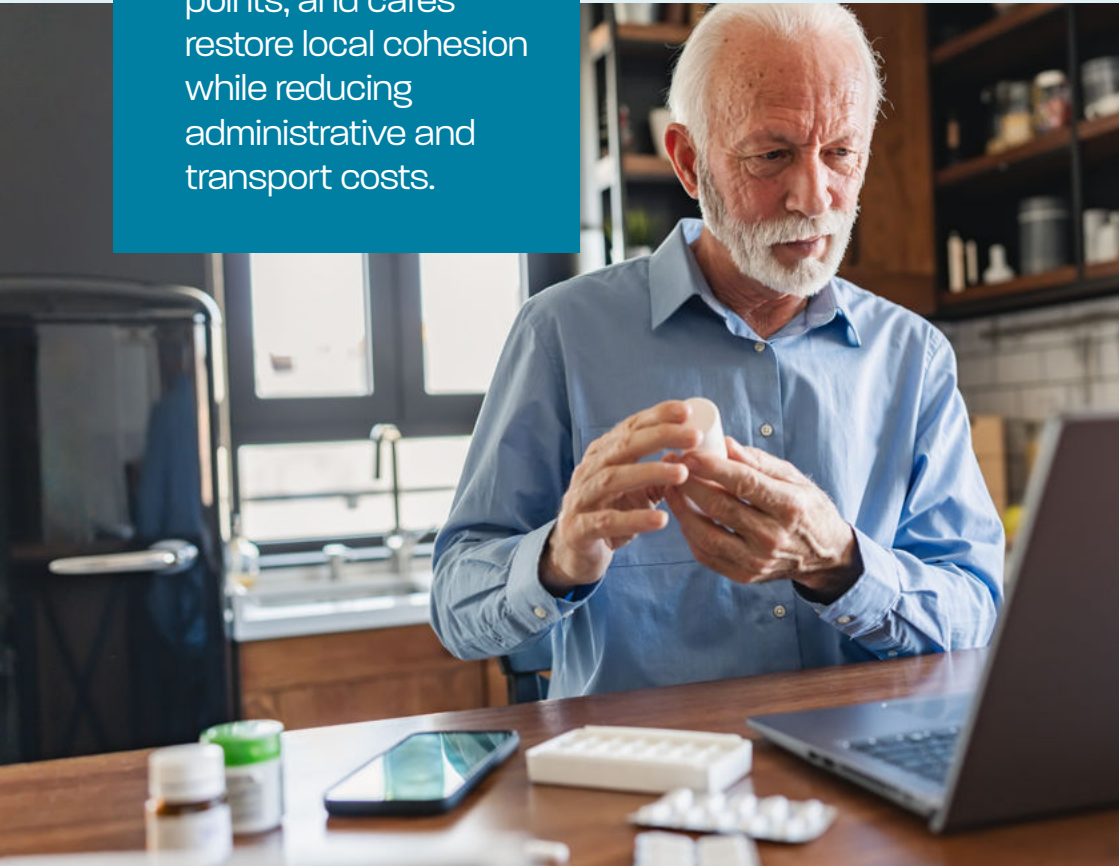
Efficiency in ageing societies is not just about smarter technologies, it is about using space more intelligently. Clustering work, care infrastructure, and services into compact, interconnected ecosystems allows Europe to deliver more with fewer resources and greater inclusion (see Figure 2). Workplace childcare facilities, for example, reduce commuting time, absenteeism, and stress while increasing female employment, productivity, and job satisfaction.¹²

¹² S. M. Sayem, Tahmina Akter, & Israt Jahan Shithii (2024), ‘Impact of Corporate Daycare Facilities on the Productivity of Female Employees: Evidence from Bangladesh’, BUFT Journal of Business & Economics, 5, 381–394, <https://doi.org/10.58481/BJBE/2424>.

In rural areas, service clusters that combine pharmacies, post offices, telehealth points, and cafés restore local cohesion while reducing administrative and transport costs. Local networks encourage prevention, help families, and strengthen communities. Encouraging modular housing and flexible zoning helps neighbourhoods evolve with generational needs. Multifunctional buildings – such as schools that double as community centres after hours, and offices convertible into senior co-housing – ensure that no space sits idle. The New European

Bauhaus and European Urban Initiative already offer platforms to translate this vision into practice, blending social inclusion, sustainability, and design.

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Policy innovation: clustering services, strengthening communities

Finland – integrated wellbeing services

Finland's 2023 reform created 21 Regional Wellbeing Service counties uniting health, social, and emergency services under one structure. Shared budgets, digital records, and local autonomy reduce duplication and improve continuity, creating a model for efficient, joined-up service delivery.¹³

Germany – multigenerational centres

Germany's Mehrgenerationenhaus programme funds over 530 centres where childcare, elderly services, and community activities coexist under one roof. Each centre is run locally but supported through federal grants. The centres offer day care, after-school tutoring, workshops, and lunch clubs for seniors – proving that shared infrastructure can deliver both care efficiency and social cohesion.⁸

France – workplace creches

France provides public support to incentivise companies and clusters of employers to co-finance on-site childcare.¹⁴

Barcelona – neighbourhood villages

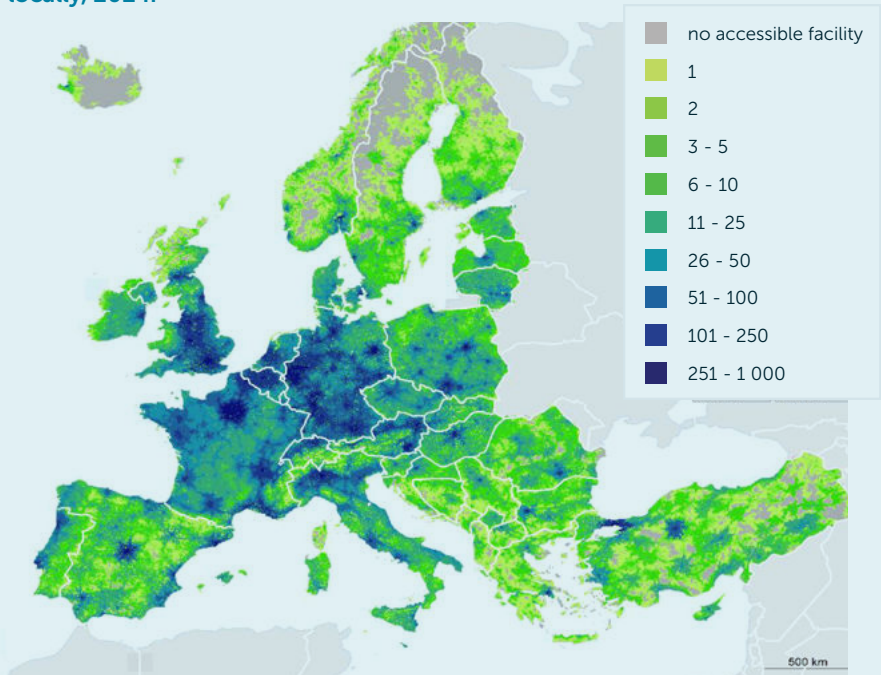
Barcelona launched Vila Veïna (neighbourhood village) community care areas: local networks where residents can find nearby childcare,

¹³ Ministry of Social Affairs and Health (Finland) (2025), 'Wellbeing Services Counties', <https://stm.fi/en/wellbeing-services-counties>.

¹⁴ Service Public France (2025), 'Family Tax Credit (CIF)', <https://entreprendre.service-public.gouv.fr/vosdroits/F31922?lang=en>.

eldercare, and caregiver support within their own districts. These decentralised care units embedded in local communities coordinate services and foster peer support.¹⁵

Figure 2. Density of facilities of eight service types that can be reached locally, 2024.



Note: Facilities include childcare, elderly care, doctors, hospitals, retail, stations, primary and secondary schools; accessibility determined by both their location and the transport infrastructure leading to them.

Source: ESPON EGTC (2024), 'Delivery of Essential Services in Lagging Regions (DESIRE): Pan-European Data Analysis (Final Report)', ISBN: 978-2-919839-01-8, Luxembourg, https://www.espon.eu/sites/default/files/publications/files/2025-01/pan-european-data-analysis_desire.pdf, based on Figure 44.

¹⁵ C. <https://www.unwomen.org/en/digital-library/publications/2021/09/beyond-covid-19-a-feminist-plan-for-sustainability-and-social-justice> Keller Garganté & S. Moreno Colom (2024), 'Políticas locales para impulsar comunidades de cuidados: el caso de VilaVeina', *Investigaciones Regionales - Journal of Regional Research* 61, 107–121.

Connected by design: mobility for ageing and efficiency

Spatial efficiency depends on how people move within and between communities. Access to services for example is both determined by their location and the transport infrastructure leading to them (see Figure 2). Depopulating areas face connectivity issues, while buzzing cities have to cope with congestion and bottlenecks. People see hours spent commuting as one of the most unpleasant and inefficient uses of their time. Europe can cut inefficiencies, strengthen inclusion, and create a mobility system that is both greener and more people-centred.



People see hours spent commuting as one of the most unpleasant and inefficient uses of their time. Europe can cut inefficiencies, strengthen inclusion, and create a mobility system that is both greener and more people-centred.

On-demand buses, coordinated timetables, and shared shuttles can ensure that even smaller towns remain connected. School and company buses can improve efficiency compared to individual transport arrangements. In cities, smart traffic management and real-time data coordination can reduce congestion and pollution. Paired with incentives for off-peak commuting, these systems can ease congestion without costly infrastructure expansion.

The Connecting Europe Facility for Transport, running until 2027, supports traffic management systems and innovations, reducing the environmental impact of transport as well as improving cross-border infrastructure. As lifestyles diversify and digital work reshapes daily rhythms, transport systems can evolve into adaptive networks that save time, energy, and emissions.

Policy innovation: moving smarter, not further

Austria – on-demand rural transport

Austria's Postbus Shuttle lets residents in low-density regions book minibuses via app or phone, so that they operate only when needed. Integrated with national ticketing systems and co-funded by municipalities, the arrangement cuts emissions and costs while maintaining vital transport access for students, workers, and older citizens.¹⁶

Finland – shared school buses and multi-purpose routes

Rural Finland uses school buses for community transport outside class hours, linking education and social service timetables. This coordination saves up to 30 per cent in operating costs while ensuring seniors and non-drivers can reach essential services year-round.¹⁷



¹⁶ Postbus Austria (2025), 'Your Mobility Partner in Rural Areas', <https://www.postbus.at/en/#:~:text=Your%20mobility%20partner%20in%20rural%20areas.%20The,trustworthy%20partner%20to%20municipalities%20for%20many%20years.>

¹⁷ T. Wallenius & S. Volmari (2026), 'Temporal Justice in School Transport in Finland: Understanding Temporal Inequalities', in M. Neufeld & N. Lesko (eds.), *Education and the Politics of Time: Temporal Governance in Teaching and Learning*, pp. 237–251 (Cham: Springer), https://doi.org/10.1007/978-3-032-09590-9_13.

Wisdom at work: the productivity dividend of age-inclusive workplaces

Efficiency is ultimately about how well societies use the talents they have. As more generations are present in the workplace than ever, there is an economic opportunity to tap into their potential and increase knowledge-sharing.¹⁸ Workers close to retirement age or even in retirement can return part-time to train younger staff or be part of silver teams – used for example by Audi.

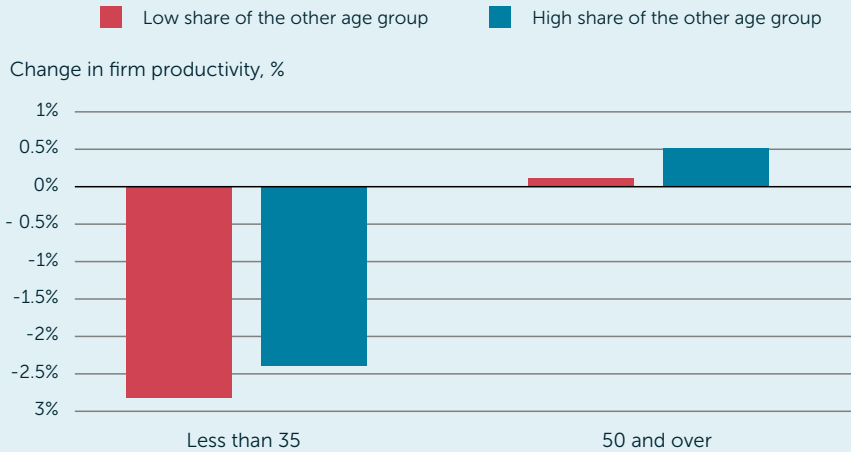
Such teams can tap into institutional memory and professional networks, improve problem-solving, and reduce onboarding time. Reverse mentoring programmes, meanwhile, pair younger employees with senior staff to bring in emerging technologies and social trends, new approaches and methods. Such schemes not only boost morale and mutual learning but also help combat harmful generational stereotypes.

Evidence shows that workers of both younger and older age groups tend to be more productive when they work alongside each other (Figure 3). Policies that reward employers for creating intergenerational collaborations – through mixing phased retirement with hiring and training new talent – can strengthen both efficiency and social cohesion. Europe’s growing productivity lies not only in innovation, but in sharing knowledge wisely.



¹⁸ European Liberal Forum & Liberal Institute for Political Analyses (2025), ‘EU Labour Market: Liberal Solutions to Retain, Attract and Innovate’, European Liberal Forum, <https://liberalforum.eu/wp-content/uploads/2025/10/Labour-Market-Publication.pdf>.

Figure 3. Change in firm productivity according to employment of mixed age groups.



Note: estimations regress log labour. Low and high share of the other group take the values at the 25th and 75th percentiles in the sample.

Source: OECD (2020), 'Promoting an Age-Inclusive Workforce: Living, Learning and Earning Longer', Paris: OECD Publishing, <https://doi.org/10.1787/59752153-en>, based on Figure 2.5.

Policy innovation: tapping into the full age spectrum at work

Intergenerational mentoring in the private sector

Originally popularised by such companies as GE and PwC, intergenerational mentoring allows youth to share skills in technology, social media, and emerging cultural trends, while senior professionals offer institutional knowledge and leadership experience. Such programmes foster mutual learning, reduce age-related stereotypes, and support more adaptable, inclusive organisational cultures.¹⁹

19 Gooper (2025), 'Reverse Mentoring to Fill the Generation Gap: A Comprehensive Guide', <https://www.gooper.io/blog/reverse-mentoring-to-fill-the-generation-gap-a-comprehensive-guide>.

Czechia – employment subsidies

In Czechia, the ESF-cofinanced FLEXI project (support for flexible forms of employment) offers subsidies to employers recruiting inexperienced workers if their training and mentoring is carried out by an older worker who is at risk of redundancy.²⁰

US – phased retirement in the public sector

The US federal government launched an innovative phased retirement option in 2014 for civil servants and federal employees as a way to retain institutional knowledge. A key feature is the requirement that 20 per cent of the phased retiree’s working hours must be dedicated to mentoring junior employees.²¹

Conclusion: lessons for EU policy action

Smarter systems can be Europe’s next growth engine. As the population ages and the workforce shrinks, prosperity will hinge on efficiency: better use of time, space, public funds, and human capital. This chapter has shown that innovation in overlooked sectors can deliver better quality of life and improved public services and finances. The EU has a unique opportunity to scale up what works, turning scattered pilots into integrated strategies. Four core lessons stand out.

1. Unlock innovation in domestic work as a productivity and equality lever

Japan has shown how to channel investment into care robotics, while Denmark and Spain demonstrate how public–private labs can bridge gaps between stakeholders and align innovation with social needs.

20 Eurofound (2025), ‘Keeping Older Workers in the Labour Force’, Publications Office of the European Union, <https://assets.eurofound.europa.eu/f/279033/5bb30e837e/ef24029en.pdf>.

21 PLANSPONSOR (2025), ‘Phased Retirement Program Set Up for Federal Employees’, <https://www.plansponsor.com/phased-retirement-program-set-up-for-federal-employees/>.

- **EU instruments and policy support:** use ESF+ and Horizon Europe to fund applied R&D, public–private labs, and pilot projects in care and household tech as well as supporting the upscaling of what works. Encourage municipalities to launch public–private care innovation labs.
- **New initiative:** create a public–private European Care Tech Accelerator to support startups and municipal innovators working on assistive robotics, AI coordination platforms, and digital care tools.
- **Policy support:** support Member States in formalising domestic work through vouchers or subsidies.

2. Modernise health systems through digital and more efficient care

Denmark’s hospital-at-home model and France’s telemedicine system show how digital tools can improve care access and efficiency. Belgium demonstrates that focus can be shifted from merely prolonging life years to choice and dignity at the end of life.

- **Dialogue:** conduct an EU-wide debate about the goals of health systems including dignity, alleviating pain, and end-of-life choice.
- **EU instruments:** finalise and expand the European Health Data Space to power predictive care while safeguarding trust and interoperability. Use InvestEU and Horizon Europe to co-fund telehealth, robotics, and community-based prevention in ageing or depopulating regions.
- **Policy support:** support the spread of integrated end-of-life systems and services. Collect evidence of what works and promote telehealth and hospital-at-home practices.

3. Draw on spatial efficiency through proximity and smart mobility systems

Access to services is determined both by their location and by the transport infrastructure leading to them. Systems in Finland, Germany, and Barcelona demonstrate the benefits of service clustering, good connections, smart design, and local networks.

- **EU instruments:** use revamped cohesion policy instruments for the 2028–2034 budget period to become the most connected continent.²² Build out rail to rural hubs, paired with efficient on-demand bus services. Extend the Connecting Europe Facility for Transport currently running until 2027.
- **EU instrument:** use the New European Bauhaus and European Urban Initiative to mainstream clustered and longevity-sensitive design. Support regions and cities that experiment with such functions and services.
- **Policy support:** encourage adaptive zoning and circular construction standards to enable the reuse and reconfiguration of buildings to accommodate shifting demographic needs.

4. Make intergenerational collaboration a new pillar of Europe's productivity strategy

Europe could lead globally in turning longevity into a source of competitive strength at the workplace. Both private and public examples show that structured cross-age teamwork strengthens learning and institutional resilience while reducing age-related stereotypes.

- **Policy support:** link this agenda to the European Year of Skills and update national active-ageing strategies to promote silver teams and reverse mentoring schemes.
- **EU instruments:** launch a Knowledge Continuity Scheme under ESF+ to support the mentoring of young people along with phased retirement and re-engagement of experienced professionals.

Smarter systems make longer lives work for people, communities, and economies. With the right EU-level coordination, investment, and bold reform, Europe can turn demographic maturity into a source of wellbeing and global advantage. The tools exist; the time to use them wisely and widely is now.

22 European Liberal Forum (2025), 'Beyond Bureaucracy: Towards a Better Life – A Liberal Cohesion Policy for Europe's Future', <https://liberalforum.eu/wp-content/uploads/2025/09/Beyond-Bureaucracy-Towards-a-Better-Life-A-Liberal-Cohesion-Policy-for-Europes-Future.pdf>.

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Chapter 4

Strengthening Intergenerational Connections: A New Social Contract for an Ageing Society

Europe's demographic transition calls for more than policy tweaks: it demands a renewed intergenerational social contract that balances responsibilities, opportunities, and resources fairly across generations. This chapter explores how demographic change can be transformed from a source of tension into a catalyst for solidarity in workplaces, households, communities, and public life. Europe can rebuild intergenerational trust and connection through shared spaces and experiences. A harmonious future depends on recognising that every generation has something to give to, and much to gain from, the others.

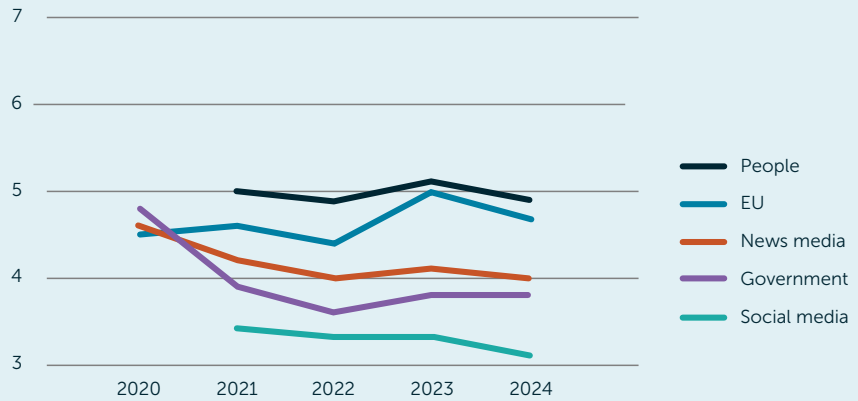
Europe's demographic transition is not a story of decline, but rather an invitation to reconnect allies. Today, more generations coexist physically than ever before, yet too often they live socially apart: around 30 million adults in the EU frequently feel lonely, while millions of families struggle to find access to affordable care.¹ Younger people face soaring housing costs, insecure jobs, and limited savings, while older generations hold most of the continent's private wealth and prosperous retirement packages.

Politics can widen gaps in a very unhelpful way, framing different age groups as competitors instead of allies. Flexibility and efficiency can enhance prosperity, as discussed in previous chapters, but reciprocity sustains trust, the invisible glue of social cohesion. There is an invitation to rethink how media and governments operate as trust in them is

¹ European Commission (2021), 'Green Paper on Ageing: Fostering Solidarity and Responsibility Between Generations', Brussels: Publications Office of the European Union, https://commission.europa.eu/system/files/2021-06/green_paper_ageing_2021_en.pdf.

low and declining (see Figure 1). Europe’s strength has always been its capacity to reinvent solidarity. The EU has the opportunity to make the green, digital, and demographic transitions a true vehicle for renewing the social contract and improving quality of life, much like during the post-war creation of the welfare state.

Figure 1. Trust in government and the media, on a scale of 1 to 10, EU, 2024.



Source: Eurofound (2024), 'Quality of Life in the EU in 2024: Results from the Living and Working in the EU e-survey', Luxembourg: Publications Office of the European Union, based on Figures 11 and 13.

In this sense, a new intergenerational social contract is central to Europe’s demographic renewal. A sustainable demographic model for the twenty-first century must rebuild a shared intergenerational reality, grounded not only in redistribution but also in reciprocity, fairness, and connection. When policies create spaces and systems for generations to collaborate – in schools, community centres, digital platforms, and even shared homes – societies unlock new reserves of creativity and trust.

Such initiatives can give seniors a deeper sense of belonging while helping youth in coping with economic and social pressures. Technology can help bridge the gaps, but only when used intentionally:

building a shared digital reality that informs rather than divides, and enabling safe participation for citizens of all ages. If Europe succeeds in making resources, responsibilities, and opportunities flow more fairly, longevity can become a collective societal achievement.

Intergenerational Erasmus: lifelong shared experiences

A Europe that learns together stays together. If demographic renewal is to be more than a slogan, young and old must share not only spaces but experiences, from learning to volunteering and civic participation. Universities, vocational schools, and community centres could host intergenerational semesters where students, retirees, and mid-career workers learn side by side, pairing digital and language skills with mentoring and the sharing of life experience.

Such exchanges would help combat stereotypes, strengthen empathy, and spread skill development more efficiently across the life course. They can also refresh local communities: when older adults tutor, and young people teach digital tools or languages, both gain competence and belonging. The EU should therefore expand the Erasmus logic across generations to turn mobility and exchange into a unifying experience for all ages.



Policy innovation: intergenerational learning in practice

The Reflections on Europe Association: connecting generations

The Connecting Generations (CONGEN) project – led by the Reflections on Europe Association – ran from March 2024 to August 2025 with a €97,790 budget, funded by the EU’s Citizens, Equality, Rights and Values (CERV) programme. Its core intergenerational concept centred on bridging worldview gaps between youth and seniors, focusing on the EU, while fostering social inclusion, solidarity, and mutual learning. Methods included promoting dialogue and the sharing of skills such as debating and self-presentation. Key components included expert-led workshops, five themed discussion meetings around the EU, knowledge tournaments, and a joint study visit to Brussels. Impacts included strengthened intergenerational bonds, improved civic engagement, and more positive attitudes towards EU values as observed in initial events.²

France – intergenerational volunteering corps

Launched in 2021, France’s Service Civique Solidarité Seniors (SC2S) recruits young volunteers (aged 16–25) to support socially isolated older adults while promoting mutual exchange and mentorship across generations. The programme, coordinated by the NGO Unis-Cité with government support, has mobilised nearly 20,000 young people through civic service placements in retirement homes, associations, and municipalities. Participating seniors report reduced loneliness and improved morale, while volunteers gain empathy, civic skills, and insight into ageing. Evaluations show the programme helps bridge age-based stereotypes and reinforces civic bonds across generations, offering a scalable model for reciprocal solidarity in ageing societies.³

² G. Del Gobbo, G. Galeotti, & G. Esposito (2017), ‘Intergenerational Education for Social Inclusion and Solidarity: The Case Study of the EU Funded Project “Connecting Generations”’, MPRA Paper 84643, University Library of Munich. <https://ideas.repec.org/p/pra/mprapa/84643.html>.

³ Malakoff Humanis & SC2S (2023), ‘Baromètre d’impact du Service Civique Solidarité Seniors – Résultats 2022–2023’, https://www.sc-solidariteseniors.fr/app/uploads/2024/02/Rapport-mesure-dimpact_print.pdf.

Japan – Silver Human Resource Centers

Since 1974, Silver Human Resource Centers (SHRCs) have been established nationwide as local hubs that offer part-time, temporary jobs to retirees in areas such as childcare, park maintenance, clerical work, and eldercare. This model has been praised for keeping seniors active and socially engaged and helping them to share their experience. In 2021 alone, Japan's SHRCs engaged about 687,000 older adults (average age 74) in short-term or part-time work that benefits local communities.

From privilege to opportunity: investing in a fairer future

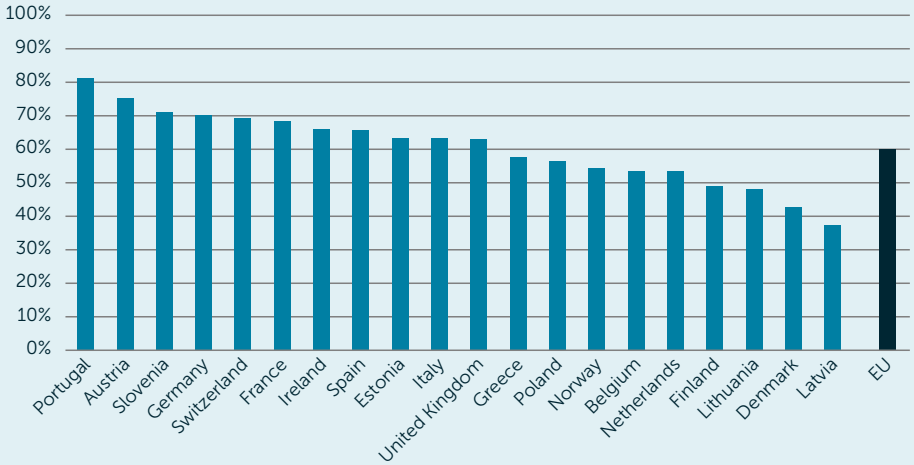
Europe stands on the brink of the largest wealth transfer in modern history, as Baby Boomers pass on assets to their children and grandchildren. In the next fifteen years, 5 trillion euros will be handed down to the children of billionaires across the world, 1.12 trillion in Western Europe alone.⁴ Managed wisely, this shift could become one of the continent's greatest opportunities for renewal, encouraging long-term investment and giving younger Europeans a genuine stake in the future. Talks of higher inheritance or wealth taxes are getting prominence in policy debates, as most Europeans believe disparities in wealth are too high (see Figure 2). As a softer mechanism, policymakers can help bringing forward family wealth transfers by incentives, given that the elderly increasingly tend to retain wealth through their later years.⁵ Such measures should, however, be capped and linked to human capital investment or sustainable growth in order to avoid increasing inequalities further. Some governments use tax incentives to channel parents' wealth into young entrepreneurs' ventures, green home renovations, or education or marriage funds.⁶

⁴ UBS Group AG (2025), 'Billionaire Ambitions Report 2025: The Rise of a New Generation', <https://www.ubs.com/billionaires>.

⁵ OECD (2025), 'OECD Employment Outlook 2025: Can We Get Through the Demographic Crunch?' (Paris: OECD Publishing), <https://doi.org/10.1787/194a947b-en>.

⁶ City-Yuwa Partners (2023), 'Japan: Private Client 2023', <https://www.city-yuwa.com/publication/shared/pdf/JapanPRIVATECLIENT2023.pdf>; M. Sandoli & L. Marantonio (2025), 'Trusts and Business Transfers: Are Italian Tax Exemptions Applicable to Advance Taxation?', <https://www.internationaltaxreview.com/article/2f0d40mtz8nntzevqzgg/sponsored/trusts-and-business-transfers-are-italian-tax-exemptions-applicable-to-advance-taxation>.

Figure 2. Share of adults who think wealth inequality is too high, 2022.



Note: the EU average is the unweighted average of the 17 EU countries for which data is available.

Source: OECD (2024), 'Society at a Glance 2024: OECD Social Indicators', Paris: OECD Publishing, <https://doi.org/10.1787/918d8db3-en>, based on Figure 6.3.

One democratic idea gaining traction is the Baby Bonds model, providing every newborn with a government-funded investment account, a symbolic birth endowment that grows with the child. The money remains legally tied to the child and becomes accessible when reaching adulthood. The amount then can be freely used for higher education fees, housing, starting a business, or even travelling.

One democratic idea gaining traction is the Baby Bonds model, providing every newborn with a government-funded investment account, a symbolic birth endowment that grows with the child.

Over time, universal child investment accounts could be financed through modest levies on inheritance or wealth transfer, ensuring that demographic renewal is linked to intergenerational fairness. These investments could be linked to the Savings and Investments Union of

the EU. In contrast to one-off child bonuses, baby investment schemes would cultivate ownership, empowerment, and future orientation.

Policy innovation: capital for a new generation

France – housing gift exemption

In France, the 2025 Finance Act introduced a temporary tax exemption for financial gifts used towards new home purchases or major home energy renovations. From February 2025 until the end of 2026, parents, grandparents, and even extended family can give up to €100,000 per donor (capped at €300,000 per recipient) tax-free, provided the funds are spent within six months on buying a primary residence or improving a residence's energy efficiency. The policy is designed to boost youth homeownership and green renovations while bringing forward family wealth transfers. Strict conditions apply, such as that the beneficiary must live in or rent out the home for 5+ years.⁷

Luxembourg and Finland – family investment accounts

Luxembourg's Caisse pour l'Avenir des Enfants allows parents to channel state family benefits into regulated savings or investment plans, combining welfare support with capital formation. In Finland, pilot projects have tested baby funds that invest a share of child benefits in national green or innovation funds, tying demographic policy directly to sustainable growth.⁸

⁷ Directorate for Legal and Administrative Information (2025), 'New Exemptions for Donations of Money Between Family Members', service-public.fr., <https://www.service-public.fr/particuliers/actualites/A18081>.

⁸ Ministry of Family Affairs, Grand Duchy of Luxembourg (2024), 'Finance Finland (2023) – Proposal for Newborn Equity Savings Accounts', <https://www.finanssiala.fi/en/news/finance-finlands-ahosniemi-new-government-programme-includes-many-responsible-proposals/#:~:text=Ahosniemi%20commends%20the%20upcoming%20government,investment%20fund%20or%20investment%20insurance>.

United States – state-level baby bonds

Several US states, including Connecticut and California, have launched publicly funded baby bonds, depositing \$3,000–\$5,000 in government-managed accounts for every newborn. The funds, held in trust until adulthood, can be used for education, home purchase, or entrepreneurship. The goal is to narrow wealth gaps and strengthen social mobility.⁹

Homes that connect: building space for solidarity

Europe's homes and neighbourhoods can be powerful engines of solidarity. Across the EU, more than half of young adults and a third of older adults are concerned about finding or maintaining adequate housing (Figure 3). With demographic change, an increasing number of older adults live alone in underused homes, while younger people struggle to find affordable housing. Policies and programmes exist that help the elderly downsize or transition to more suitable housing, while intergenerational housing can create mutually beneficial living arrangements.

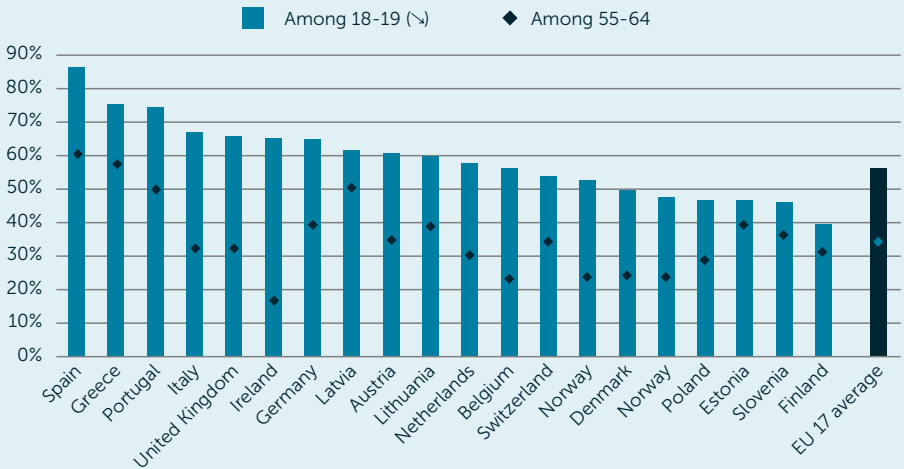
Around 20 per cent of the adult population in Europe is experiencing moderate levels of loneliness, with the highest shares among the youngest and oldest age groups.¹⁰ When housing policy encourages co-living between generations through modular buildings, adaptable apartments, or home-share programmes, it reduces isolation while strengthening social ties and solidarity.

⁹ Office of the Connecticut State Treasurer (2023), 'CT Baby Bonds', <https://portal.ct.gov/ott/debt-management/ct-baby-bonds#:~:text=%243%2C200%20will%20be%20invested%20on,funds%20to%20be%20used%20for>; California State Treasurer's Office (2023), 'HOPE: California's Baby Bonds Program', <https://www.treasurer.ca.gov/hope/#:~:text=Accordingly%2C%20the%20HOPE%20Program%20will,system%20for%20over%2018%20months>.

¹⁰ M. Aartsen, I. Precupetu, & B. Suanet (2025), 'Macro Social Influences on Loneliness in Later Life: Towards a Better Understanding of the Loneliness Paradox in Europe', *International Perspectives on Aging*, 47, <https://doi.org/10.1007/978-3-031-94565-6>.

Municipalities can repurpose public buildings as multi-generational hubs with shared and communal spaces such as community kitchens, libraries, and cafés where all ages meet. The public sector can support the emergence of vibrant, self-sustaining neighbourhoods, where generations live and thrive together.

Figure 3. Share of adults concerned about housing, 2022.



Note: the EU average is the unweighted average of the 17 EU countries for which data is available.

Source: OECD (2024), 'Society at a Glance 2024: OECD Social Indicators', Paris: OECD Publishing, <https://doi.org/10.1787/918d8db3-en>, based on Figure 6.15.



Policy innovation: housing for efficiency and cohesion

United Kingdom – practical support for rightsizing

In several parts of England and Wales, local councils and housing associations provide assistance schemes to encourage older tenants to downsize from underoccupied social housing. These programmes offer financial incentives, such as grants to cover removal costs, and often include practical support, such as a relocation coordinator to help with paperwork, booking movers, and accessing services. The aim is to support older residents in moving to more manageable, age-appropriate homes and to free up larger family-sized units in areas with housing shortages. Some councils, including Southwark and Birmingham, have piloted Smart Moves campaigns to actively promote downsizing.¹¹

France and the Netherlands – intergenerational co-living schemes

Under France's 2018 ELAN law, a solidarity-based intergenerational cohabitation scheme allows seniors aged 60+ to offer a room in their home to people under 30, in exchange for a modest rent, regular presence, and light support. The arrangement is formalised through a specific contract outlining mutual commitments. Local associations such as Ensemble2Génération support matchmaking and coordination.¹²

¹¹ Southwark Homeseach (2025), 'Rightsizing: Smart Move Scheme for Under-Occupying Social Tenants', <https://www.southwarkhomeseach.org.uk/content/Information/Downsizing>.

¹² Service Public (2024), 'All About Shared Housing Solidarity', <https://www.service-public.gouv.fr/particuliers/actualites/A17556?lang=en>.

In the Humanitas Deventer retirement home in the Netherlands, college students live on-site rent-free in exchange for volunteering around 30 hours per month. The students teach senior roommates digital skills (sending emails and conducting video calls) and share everyday activities, while older residents provide companionship and a family-like environment.¹³ These models reduce loneliness, make better use of existing housing stock, and build trust between generations.

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¹³ T. R. Jansen (2015), 'To Save on Rent, Some Dutch College Students Are Living in Nursing Homes', The Atlantic, <https://www.theatlantic.com/business/archive/2015/10/dutch-nursing-home-college-students/408976/>.

Belgium – intergenerational community-care housing

The CALICO project in Brussels combines affordable housing with intergenerational living and community-based care. It includes 34 homes across three resident-managed clusters: low-income families, a women-focused unit, and an intergenerational co-housing group. This model encourages interactions between individuals of all ages and is intended to reduce social isolation. In addition, the site features shared spaces for the residents and the neighbourhood. What distinguishes CALICO is its innovation in the combined end-of-life and birth facility, where individuals at the end of their lives have the chance to meet women in the latter stages of pregnancy or who have recently given birth. By integrating secure housing, mutual support, and services, CALICO fosters social inclusion, reduces isolation, and promotes care-based living.¹⁴

Shared digital reality: designing platforms for participation, not polarisation

A well-functioning and trusted democracy needs shared spaces for discourse and participation – both physical and digital. Social media is a news source for almost half of people, while for younger people it has become the primary news source.¹⁵ Older generations are often overlooked in digital and social media strategies, yet they are heavy and growing users of these platforms – especially for video and social

¹⁴ European Commission (2022), 'Assessment of the Urban Innovative Actions (UIA) Initiative 2014–2020: Annexes', Directorate-General for Regional and Urban Policy, https://ec.europa.eu/regional_policy/sources/studies/assess_uia_2014_2020_annex.pdf.

¹⁵ OECD (2024), 'OECD Survey on Drivers of Trust in Public Institutions – 2024 Results: Building Trust in a Complex Policy Environment' (Paris: OECD Publishing), <https://doi.org/10.1787/9a20554b-en>.

networking.¹⁶ They are more susceptible to misinformation, which contains a great political risk as they have the largest voting power. The design of social media platforms and their business models therefore increasingly shape democracy and the quality of public debates. Algorithms can be opaque, reward outrage, embed dark design patterns, and close people into harmful echo chambers.

The EU's Digital Services Act (DSA) is a step in the right direction, but it should be maintained and further developed. People of all ages must be equipped to navigate the online world safely, while platforms must be subject to transparency requirements and democratic oversight. Combating mis- and disinformation is necessary for informed citizenship and resilient societies. Bridging the democratic generational gap also means ensuring that disengaged youth have real representation in political life, for example through youth quotas, lower voting ages, or structured youth assemblies feeding into policymaking.

Policy innovation: safer platforms, stronger voices

France – digital wellbeing by design

France's 2018 National Strategy for AI identified major ethical concerns and proposed corresponding solutions. It recommended introducing discrimination impact assessments to address algorithmic bias. It also stressed the need for transparency through technologies that can explain AI decisions to counter the 'black box' problem. To ensure compliance with legal and ethical standards, it proposed procedures, tools, and methods that allow for the auditing of AI systems and established a National Advisory Committee on Digital Ethics and Artificial Intelligence.¹⁷

¹⁶ The Economist. (2025), 'Meet the Real Screen Addicts: The Elderly', <https://www.economist.com/international/2025/10/23/meet-the-real-screen-addicts-the-elderly>.

¹⁷ OECD (2023), 'French National Strategy for Artificial Intelligence', OECD STIP Compass, <https://stip.oecd.org/stip/interactive-dashboards/policy-initiatives/2023%2Fdata%2FpolicyInitiatives%2F24070>.

Estonia – civic digital literacy in schools and beyond

Estonia’s national curriculum includes civic digital literacy: teaching students how algorithms shape political debate. The same modules are now offered to older adults through community digital cafés, helping both generations inhabit the same information ecosystem.¹⁸

Ireland and Canada – structured youth assemblies for safe and healthy digital futures

Assemblies on Youth Online Health took place in Ireland in 2025, giving citizens aged 12–24 an official consultative role on online safety, data rights, and algorithmic accountability. The initiative demonstrates how institutionalised youth voice can influence policy on emerging technologies and democratic participation.¹⁹ Canada’s Assembly on Digital Rights and Safety was created to give youth the opportunity to help improve online spaces and make them safer for themselves and future generations.²⁰



¹⁸ Digital Skills & Jobs Platform (2025), ‘Digital Competence Initiative in Estonia. Digital Skills and Jobs Platform’, <https://digital-skills-jobs.europa.eu/en/inspiration/good-practices/digital-competence-initiative-estonia>.

¹⁹ A. Carey, S. Kathryn, & S. McCrum (2025), The National Youth Assembly on Youth Online Health 2025, <https://comhairlenanog.ie/wp-content/uploads/2025/12/The-National-Youth-Assembly-on-Youth-Online-Health-2025.docx.pdf>.

²⁰ Canadian Youth Assembly on Digital Rights and Safety (2023), ‘Canadian Youth Assembly on Digital Rights and Safety: Recommendations to Promote the Safety, Well-Being and Flourishing of Canadian Youth Online’, Montreal: Centre for Media, Technology and Democracy, <https://drive.google.com/file/d/1T6s2EZ2a00kyESy69qX32jMHc9wBRcOR/view>.

Conclusion: lessons for EU policy action

As generations live longer together, the goal is not to manage ageing but to reimagine intergenerational solidarity for the twenty-first century. This chapter has shown that when generations collaborate, societies thrive. From shared homes and digital spaces to cross-age learning and capital transfers, the evidence is clear: connections and collaboration across generations can renew trust, increase opportunities, and strengthen cohesion. Four key lessons stand out for EU-level action.

Make intergenerational learning a core pillar of human capital investment

Projects show that cross-age learning and experiences boost empathy and build trust and skills.

- **EU instruments:** expand Erasmus+ and European Solidarity Corps to include intergenerational formats, rewarding projects that connect older and younger participants in mobility, learning, and civic service.
- **Policy support:** promote intergenerational semesters in universities and community learning hubs through guidance and pilot support.
- **New initiative:** launch a European Intergenerational Mobility Scheme under the Year of Skills legacy to support lifelong civic exchanges.

Turn wealth transfers into opportunities

Baby bond schemes in the US and family investment accounts in Finland and Luxembourg show how public–private tools can reduce inequality and bring wealth transfers forward while linking them to socially and economically important areas.

- **EU instrument:** use the Capital Markets Union and InvestEU to support the creation of European Child Investment Accounts at commercial banks with an opening bonus of 100 euros. Align investment opportunities with long-term EU goals such as green bonds, education funds, or innovation portfolios.

- **Dialogue:** conduct an EU-wide debate around wealth inequality, taxation, and wealth transfers.

Build intergenerational housing and community infrastructure into the EU's cohesion and urban strategy

Multigenerational housing in Germany and co-living schemes in France and Belgium show how design fosters connection, eases isolation, and reduces housing strain.

- **EU instruments:** prioritise modular, mixed-age, and care-integrated projects in the European Urban Initiative and New European Bauhaus. EU cohesion funds can accelerate this trend by supporting local pilots for intergenerational projects.
- **New initiative:** create a European platform for intergenerational and communal living that connects municipalities, housing developers, and communities to share best practices, pilot new co-living projects, and scale what works.

Regulate for a healthier digital ecosystem

Youth digital assemblies, the DSA, and France's strategy demonstrate that the digital public sphere can be reconnected by improved digital literacy and reshaping digital governance.

- **EU instruments:** strengthen the Digital Services Act and Audiovisual Media Services Directive to guarantee algorithmic choice, including the right to opt out of personalised feeds. Require major platforms to publish transparency dashboards showing how content is recommended by age cohorts when possible. A quota ensuring that at least one-third of recommendations come from vetted, quality-assured sources would be the first step to counter misinformation and echo chambers.
- **EU instruments:** regulation could treat addictive design features such as infinite scroll, loot boxes, and dark patterns such as gambling mechanisms with clear labelling and use-time warnings.
- **Funding and policy support:** the Audiovisual Media Services Directive could dedicate a share of streaming revenues to digital and media literacy programmes across all ages.

A renewed intergenerational contract must be a lived experience through everyday life – our homes, schools, investments, and even digital platforms. With the right EU frameworks and investments, a future shaped together across generations will be not only more connected but also fairer and better prepared for the challenges ahead.

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What this publication is about

This book is about policy innovation, influencing change in a way that guarantees our fundamental liberal values while also delivering tangible results for people. It is about convincing the public that the EU is not only relevant in their everyday lives, but also capable of implementing policies that will significantly improve their quality of life. By presenting forward-thinking solutions and actionable strategies, this guide aims to demonstrate how liberal policies can address the pressing issues Europe faces today. Through effective governance, we can showcase the EU's potential to drive positive change, ensuring that our vision for a progressive and inclusive Europe becomes a reality. In answering the question of what kind of Europe we want, the answer is clear: we want a renewed Europe – a Europe with institutional reforms that make it fit for the current geopolitical circumstances, capable of responding swiftly and effectively to external pressures. We envision a renewed Europe that leads in technological progress and sustainability, setting global standards and driving innovation in a way that benefits all its citizens. Furthermore, we seek a Europe that can guarantee the safety of its citizens and uphold the European way of life, ensuring security and stability in an increasingly uncertain world. Topics such as demography and migration are fundamental in this process. Our vision of a renewed Europe is one that not only meets the challenges of today but is also prepared to seize the opportunities of tomorrow.

Outcome of the Innovation Policy Lab 4.0

This publication is the outcome of a joint undertaking between the European Liberal Forum (ELF) and the Friedrich Naumann Foundation for Freedom Europe (FNF Europe). Most of the ideas and proposals contained in this book were discussed and developed during a two-day conference of the ELF–FNF Innovation Policy Labs held in Brussels on 23-24 September 2025. The editor extends heartfelt thanks to Gréta

Kiss from FNF Europe and Bálint Gyévai from ELF for organising the conference, and to the participants for their invaluable contributions. Special gratitude goes to Anna Vindics and Odilia Abreu, who served as moderators during the conference and captured the participants' discussions and policy recommendations that form the backbone of this publication. Without the dedication and expertise of all these persons, this work would not have come to fruition.

Methodology

This publication is the outcome of a joint undertaking between the European Liberal Forum and the Friedrich Naumann Foundation for Freedom Europe (FNF Europe). It represents a culmination of collaborative initiatives, discussions, and expert insights aimed at addressing the multifaceted challenges confronting Europe. The ELF–FNF Policy Labs brought together a diverse group of policymakers, academics, practitioners, and civil society representatives from across Europe. This dynamic gathering fostered an environment conducive to in-depth analysis, debate, and creative thinking. The participants, each bringing their unique perspectives and expertise, played a crucial role in shaping the discussions and formulating the policy recommendations presented in this book. The process was highly participatory, with structured sessions designed to maximise interaction and the exchange of ideas. Through a series of workshops, panel discussions, and breakout groups, participants delved into key topics, identified pressing issues, and proposed actionable solutions. These insights were rigorously analysed and synthesised by the editorial team, ensuring that the chapters reflect the collective wisdom and innovative thinking of the Policy Labs. It is important to note that not all chapters in this publication were developed solely through this conference. While the majority of the content is derived from the Policy Labs, some chapters were influenced by additional research, expert consultations, and policy discussions. These contributions were integrated to provide a comprehensive and well-rounded set of policy proposals.

About ELF

The European Liberal Forum (ELF) is the official political foundation of the European Liberal Party, the ALDE Party. Together with 57 member organisations, we work all over Europe to bring new ideas into the political debate, to provide a platform for discussion, and to empower citizens to make their voices heard. Our work is guided by liberal ideals and a belief in the principle of freedom. We stand for a future-oriented Europe that offers opportunities for every citizen. ELF is engaged on all political levels, from the local to the European. We bring together a diverse network of national foundations, think tanks, and other experts. In this role, our forum serves as a space for an open and informed exchange of views between a wide range of different EU stakeholders.

About Friedrich Naumann Foundation for Freedom Europe (FNF Europe)

The Friedrich Naumann Foundation for Freedom Europe (FNF Europe) is one of the regional offices of the Friedrich Naumann Foundation for Freedom (FNF), a German political foundation dedicated to promoting liberal values and policies. Headquartered in Potsdam, FNF operates offices across Germany and in numerous countries worldwide. FNF Europe maintains offices in Brussels, Prague, Vilnius, and Geneva, serving as a platform for connecting EU experts, civil society actors, and policymakers. Its mission is to foster open dialogue and advance liberal policy solutions to address Europe's key challenges. In close cooperation with liberal partners, FNF Europe organises innovative formats and campaigns to promote fundamental rights, the rule of law, geopolitics, and geoeconomics. It also coordinates EU co-funded projects focusing on areas such as the internal market, digitalisation, and innovation.



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