

Pensions at a Glance: Public policies across OECD countries

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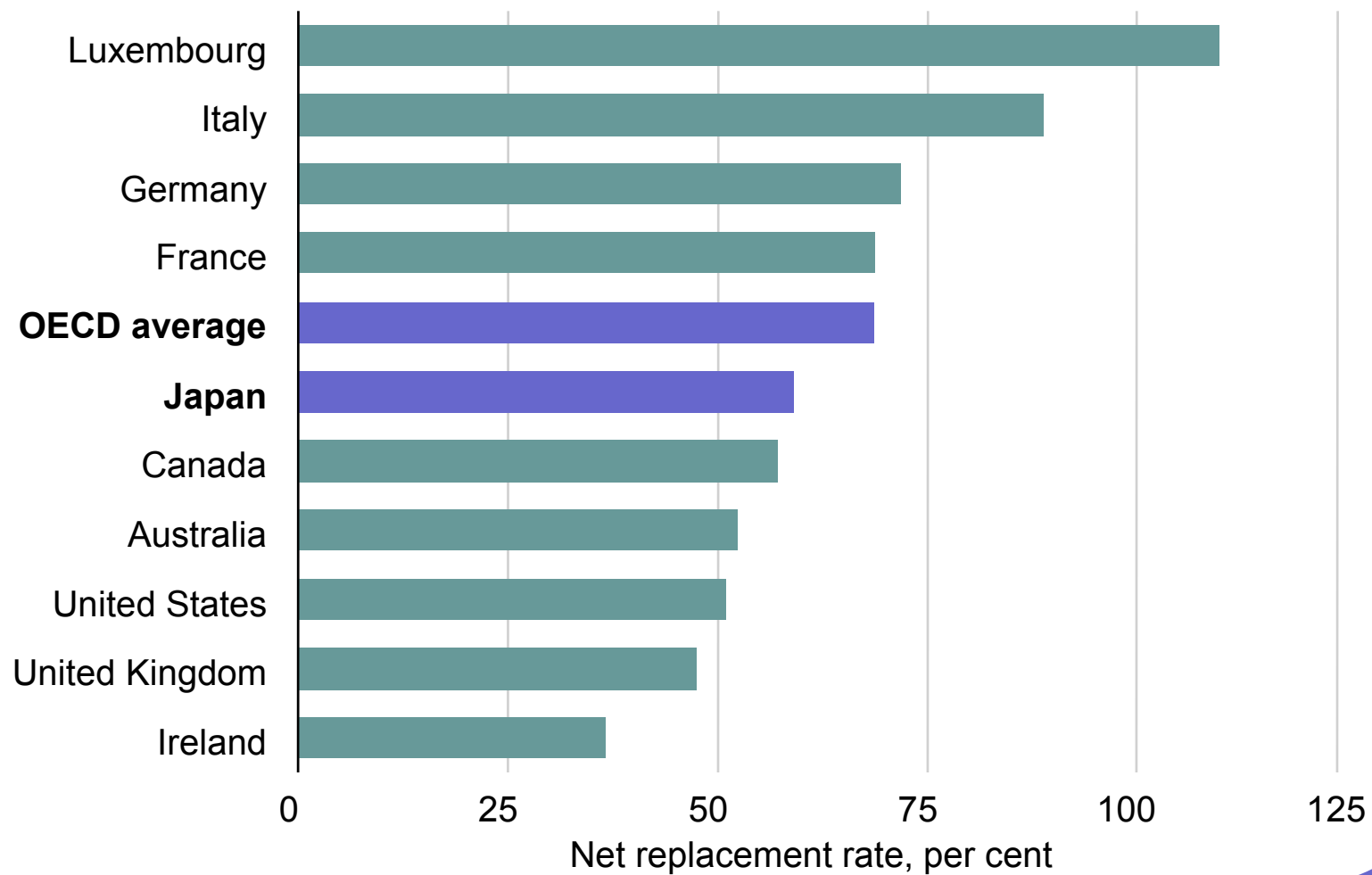
Comparing pension systems

- **Microeconomic approach**
 - modelling future pension entitlements of today's workers
- **Income-distribution analysis**
 - comparing incomes of older people and the population as a whole
- **Fiscal approach**
 - projections of pension expenditure

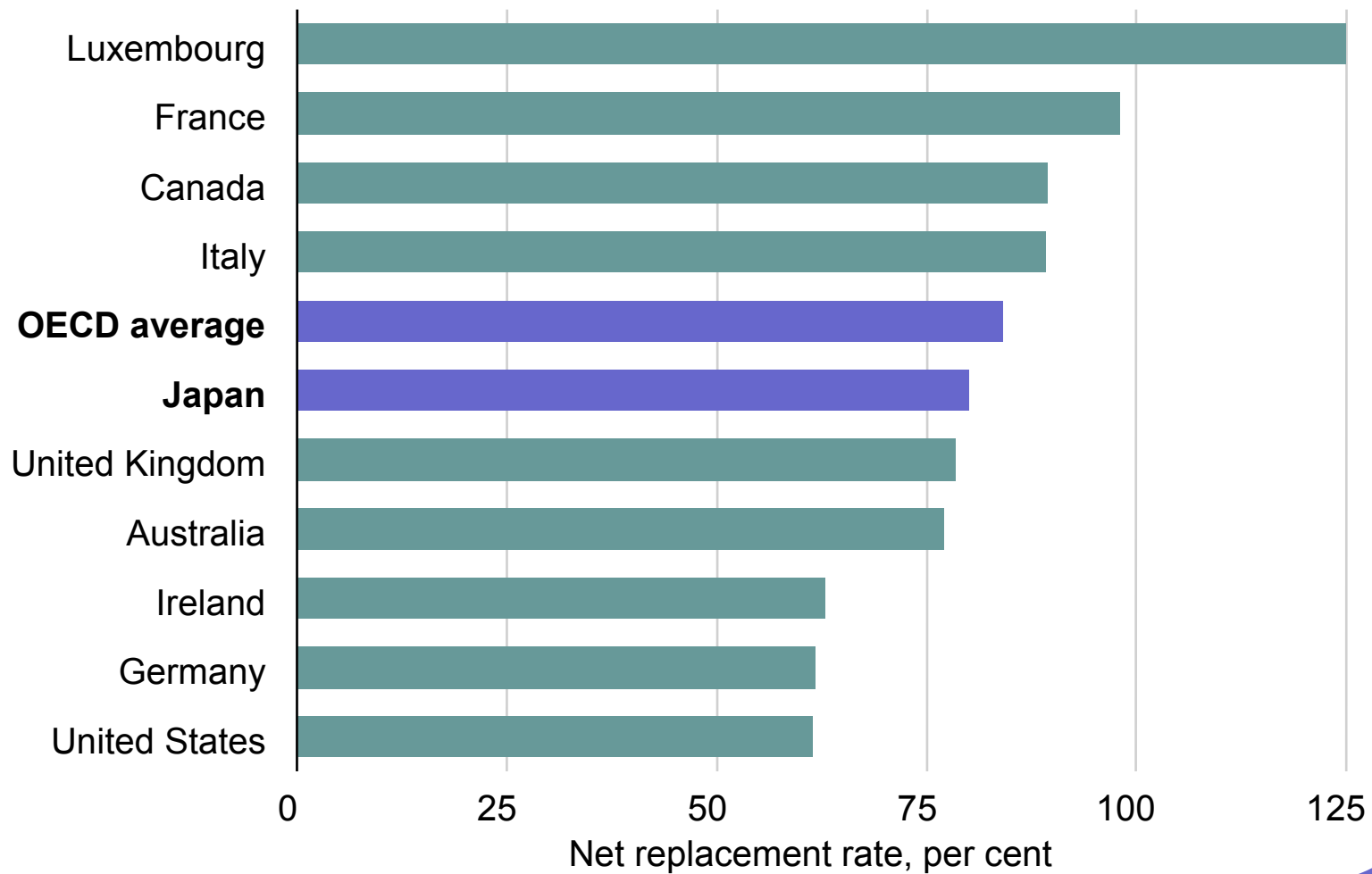
Microeconomic approach

- Covers all mandatory pensions
- Includes effect of personal income tax and social security contributions
- Full-career workers
- Across the earnings distribution
- All currently legislated reforms fully in place
- Common macroeconomic and financial assumptions

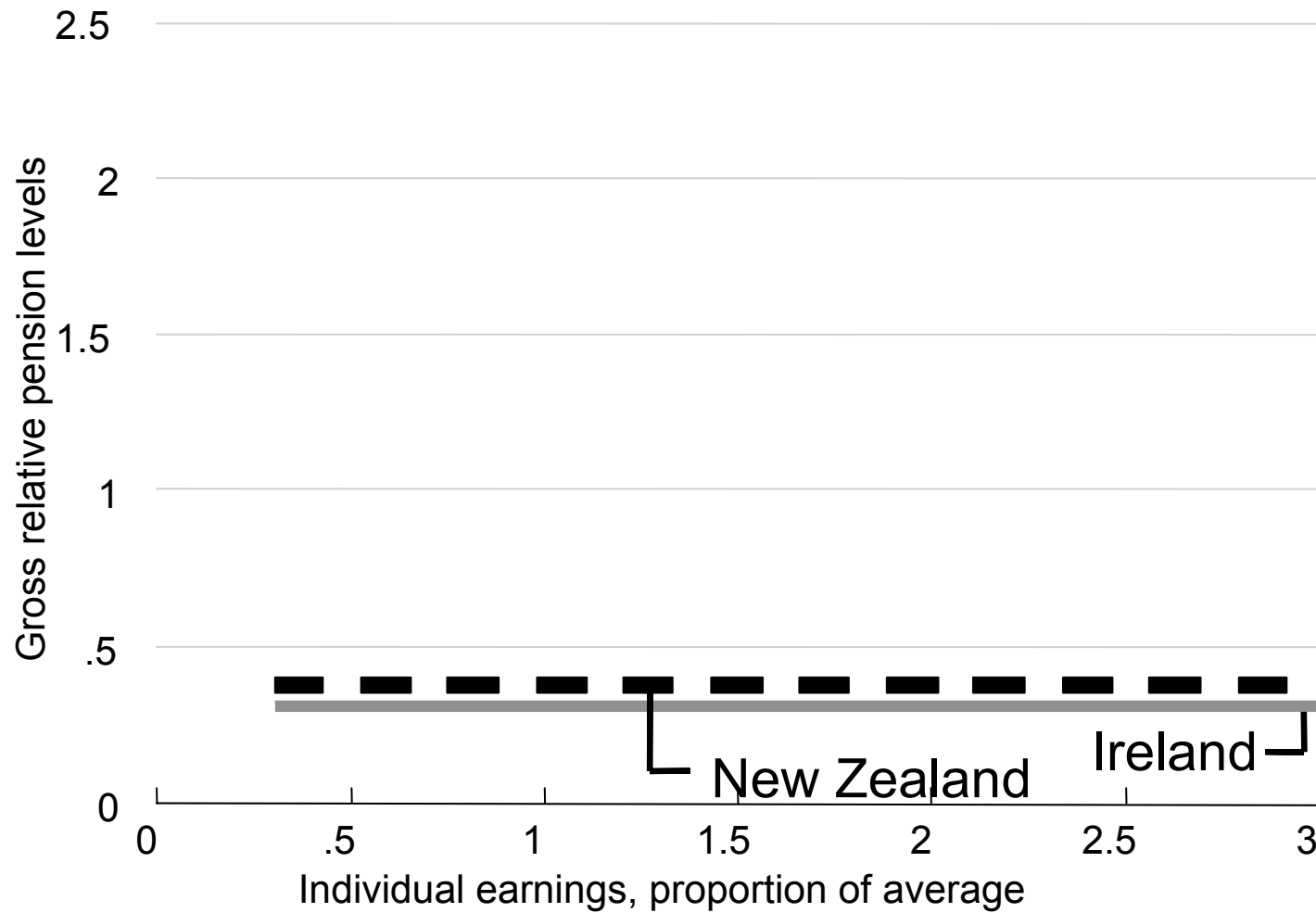
Net replacement rate: average earner



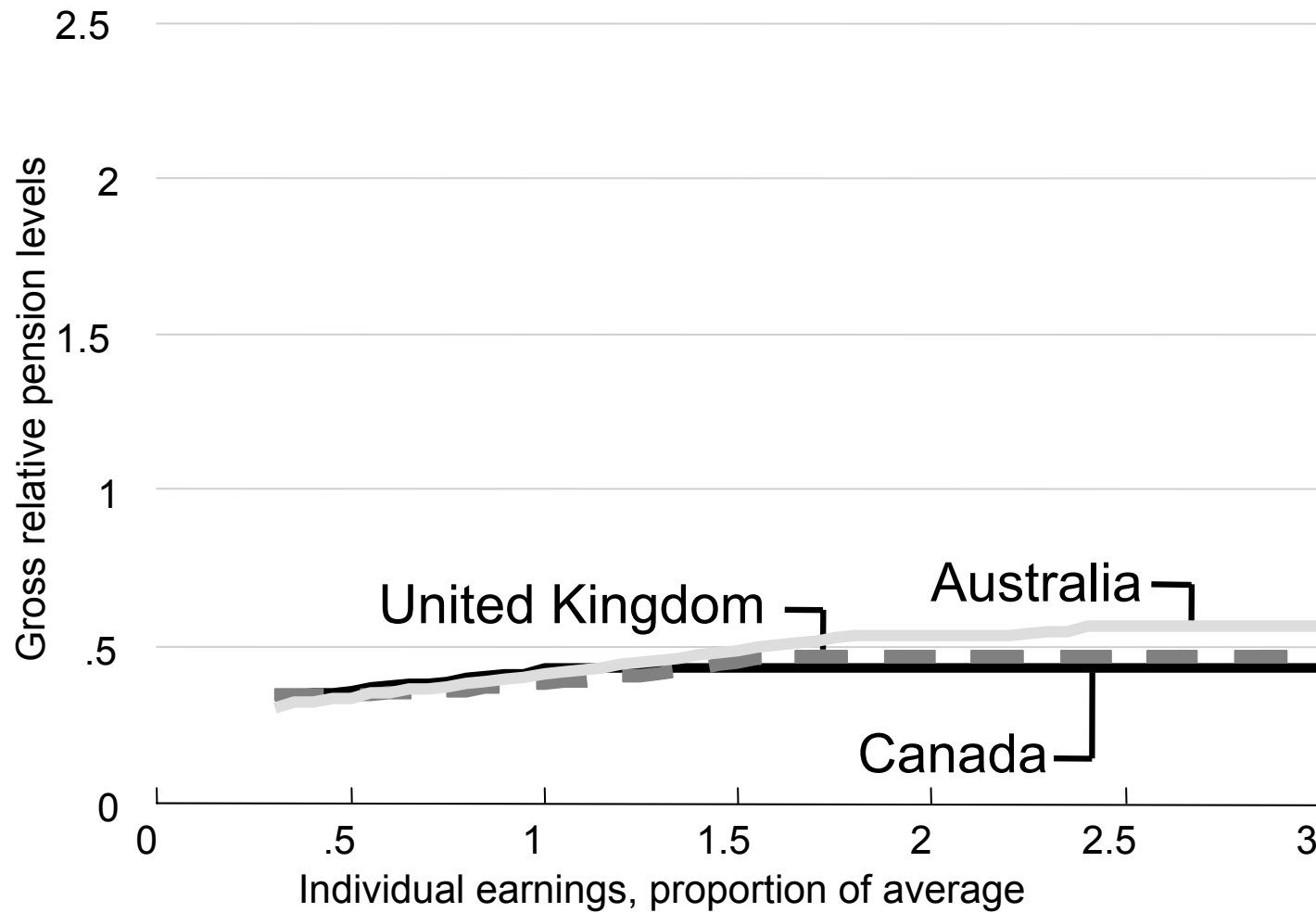
Net replacement rate: low earner



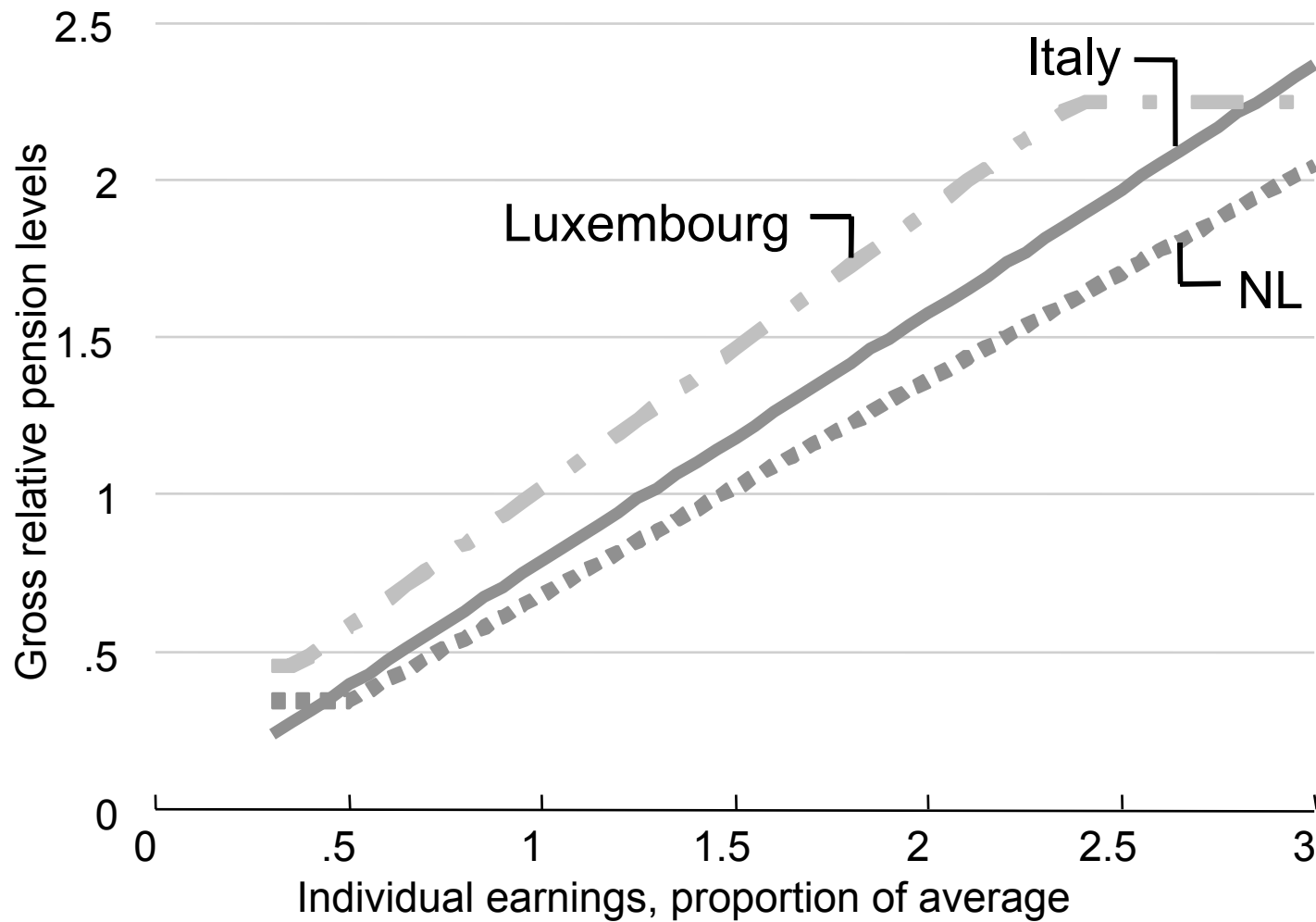
The pension/earnings link



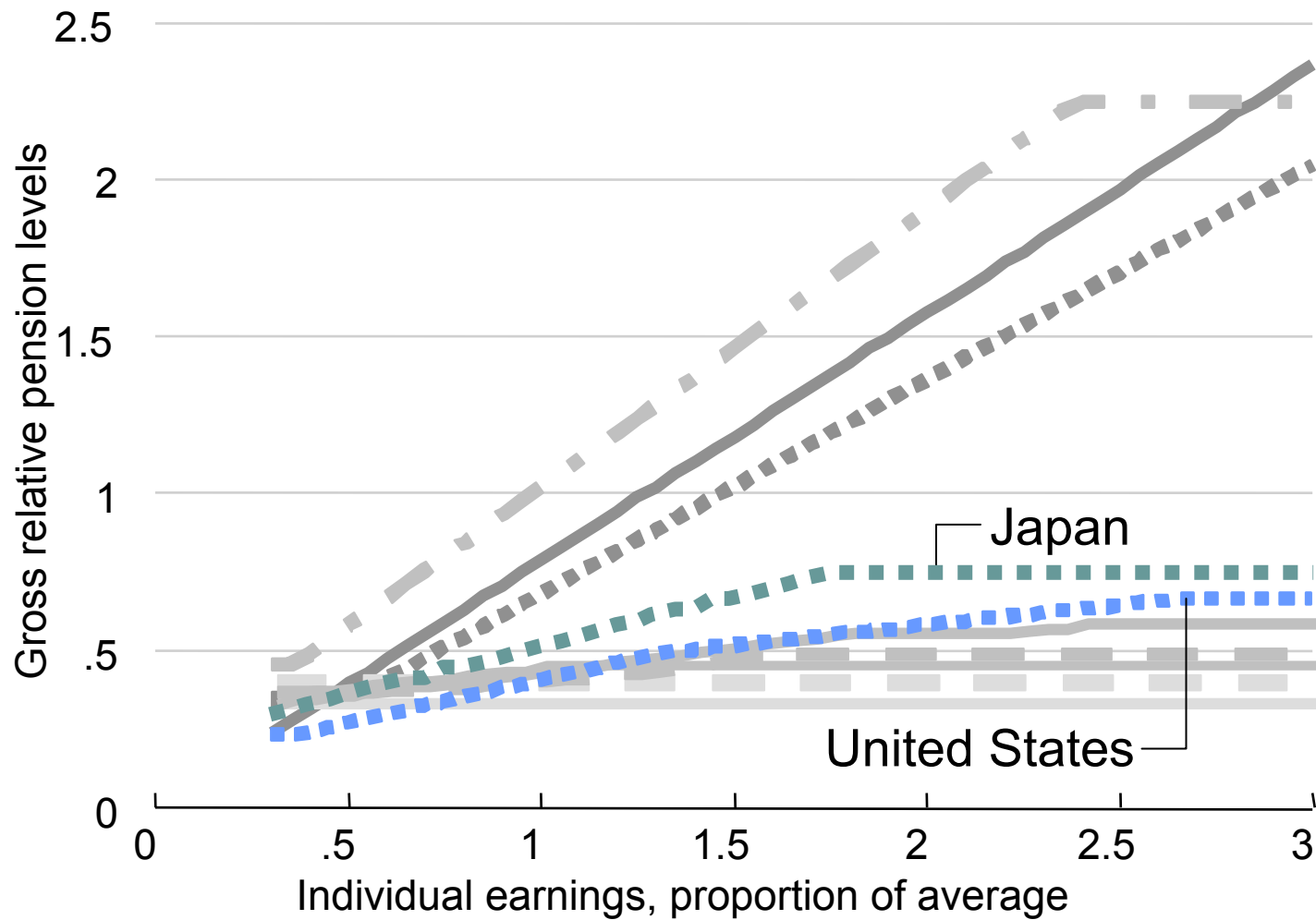
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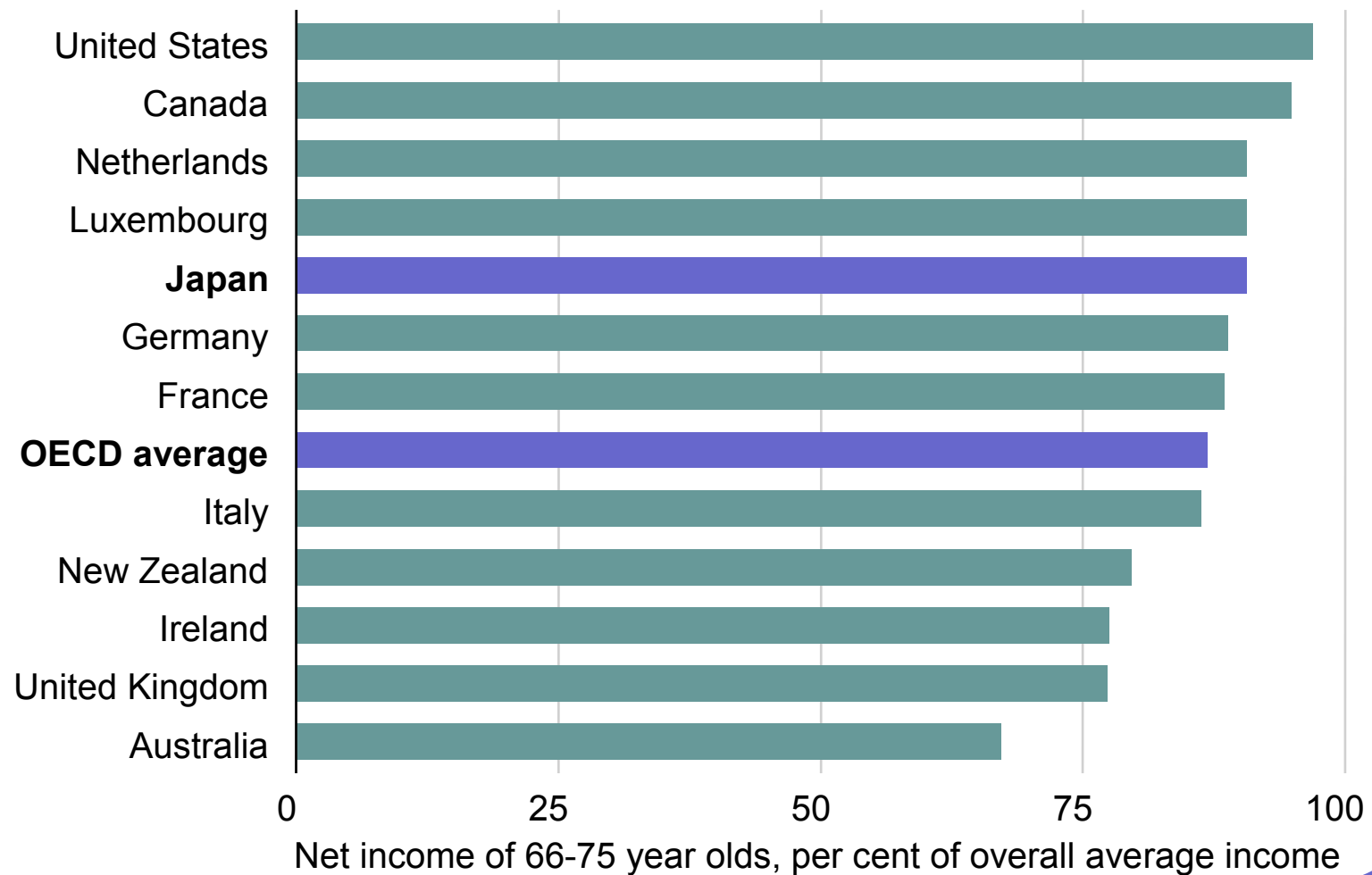
The pension/earnings link



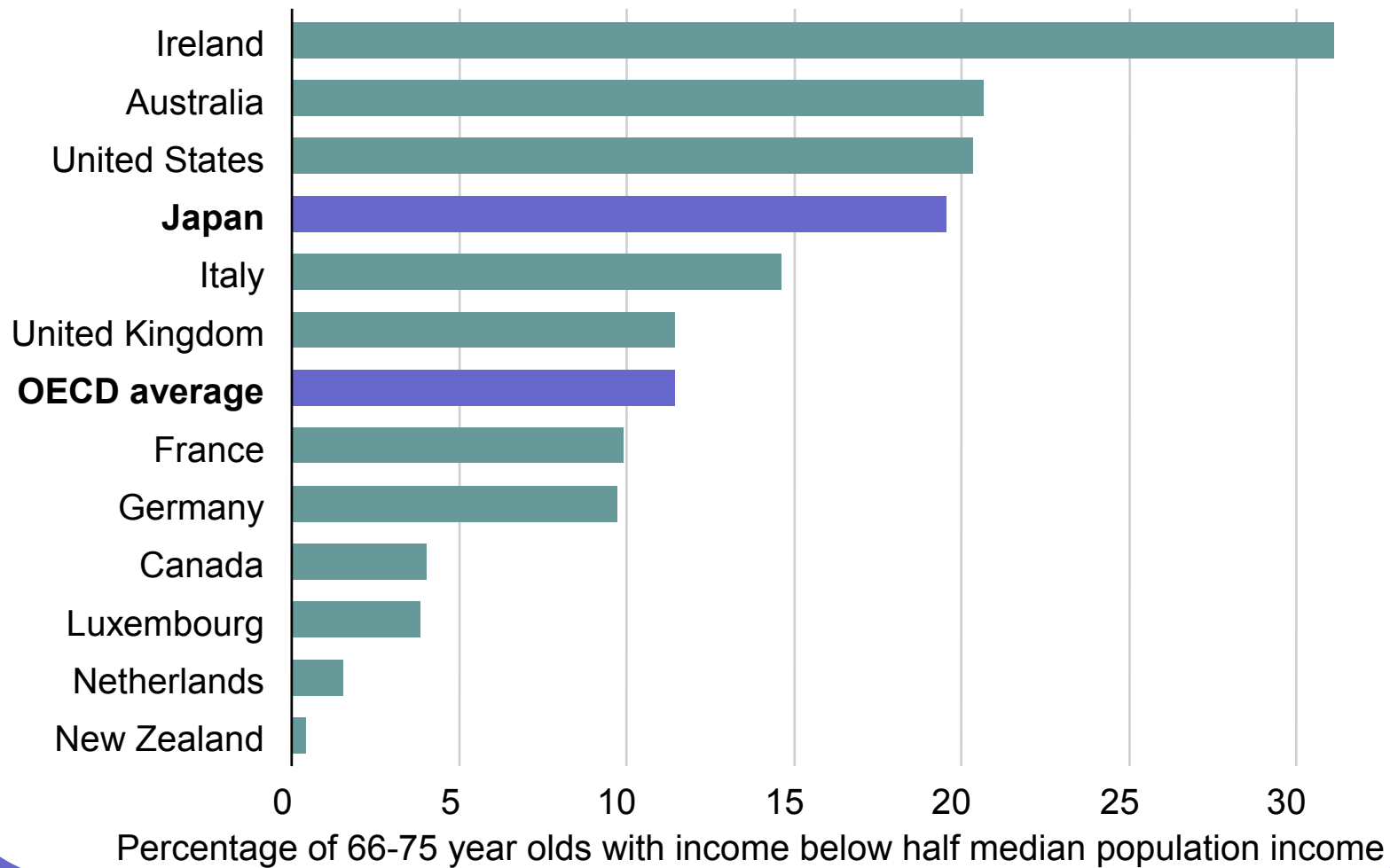
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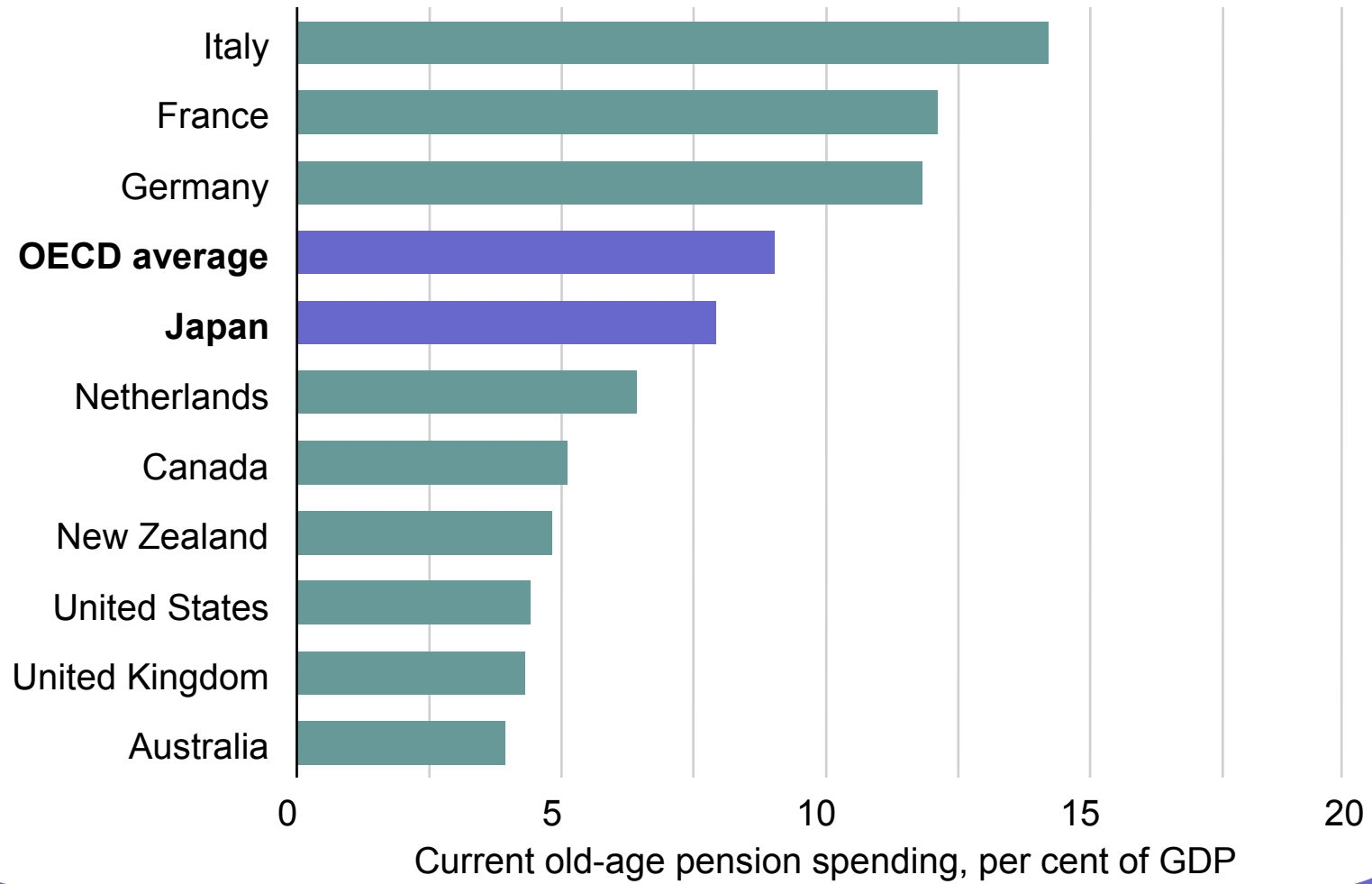
Older people's relative incomes



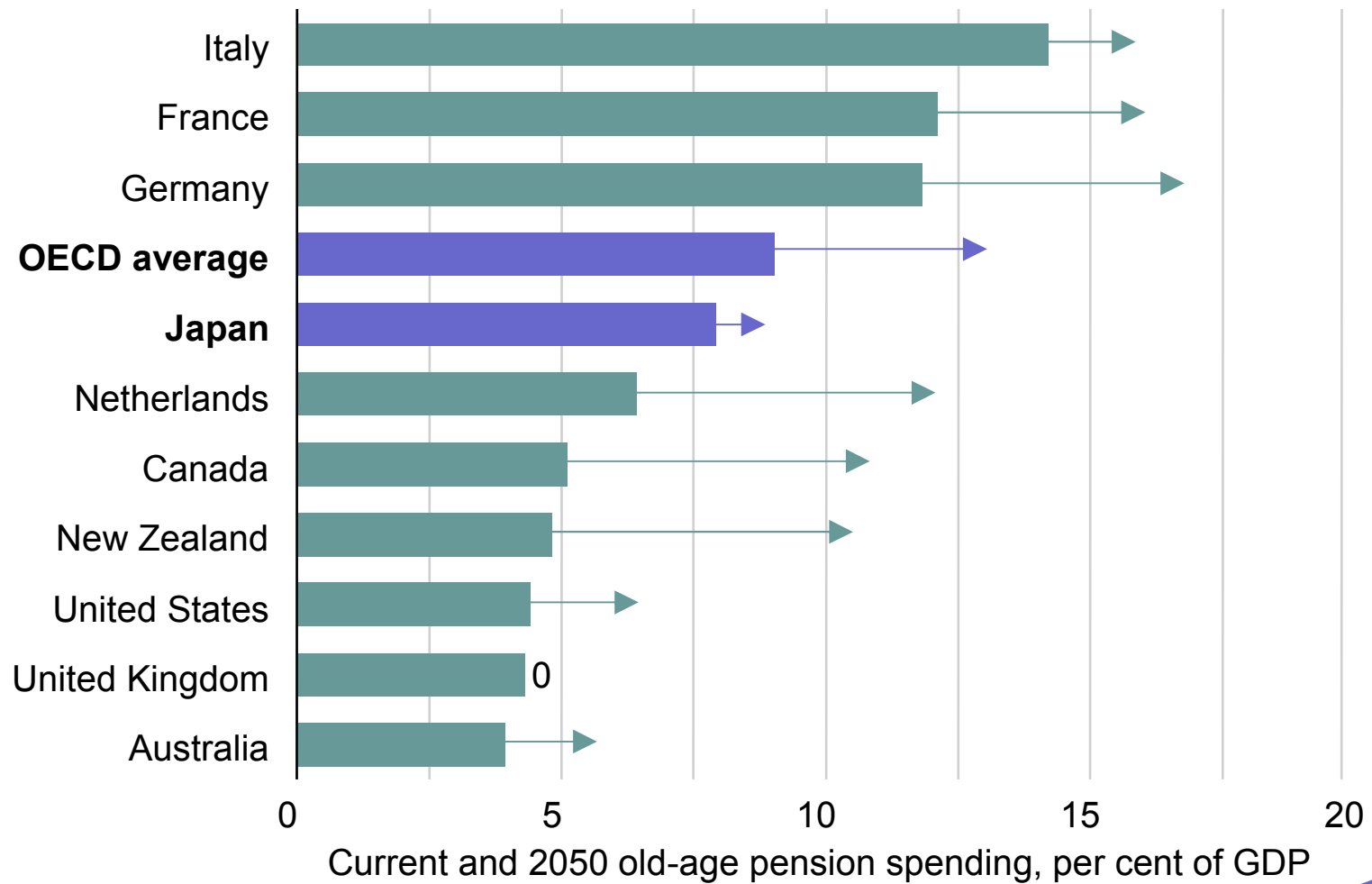
Old-age poverty



Fiscal approach



Fiscal projections



The Japanese pension system compared

- Current public-pension spending is around the OECD average
- Pension reforms have succeeded in controlling the growth of pension spending
- Old-age incomes of middle and high earners are in the upper range, but, old-age poverty may be of concern
- The pension promise is below the OECD average, reflecting these reforms, but is still more than adequate

Sources and further reading

- ▣ *Pensions at a Glance: Public Policies across OECD Countries*, OECD, 2005
- ▣ 'Income distribution and poverty in OECD Countries in the second half of the 1990s', by Michael Förster and Marco Mira d'Ercole, Social, Employment and Migration working paper no. 22, OECD, 2005
- ▣ 'Fiscal implications of ageing: projections of age-related spending', by Thai Thanh Dang, Pablo Antolín and Howard Oxley, Economics Department working paper no. 305, OECD, 2001
- ▣ *Ageing and Income – Financial Resources and Retirement in Nine OECD Countries*, OECD, 2001

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