

**Pensions at a Glance
2013**
OECD and G20 Indicators

ICELAND

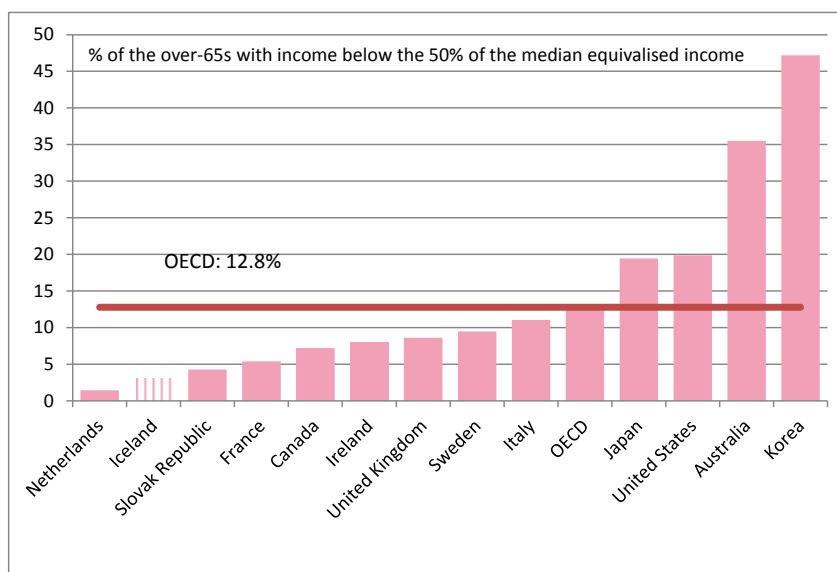
- **The average labour market exit age for men and women is high, relative incomes of people aged 65 and above are high, and old age poverty is amongst the lowest within OECD.**
- **Funding ratios for mandatory defined benefit occupational pensions for public sector workers are currently very low, threatening sustainability.**

The effective exit age from the labour market is high, at 68.2 years for men and 67.2 years for women compared to 64.2 and 63.1 for men and women respectively in the OECD on average.

Iceland has a retirement age of 67 which is mirrored in high labour market participation rates for workers aged between 60 and 69, the highest observed in the OECD: 79% of those aged between 60 and 64 and 50% of those aged between 65 and 69, respectively, which compare with 69% and 47% on average in the OECD.

Older people have high living standards, their disposable income being 93% of the total population's, which compares to 86% on average in the OECD. Old-age poverty rate is the fourth lowest in the OECD, at 3% for the aged 65 and above compared to 13% on average in the OECD.

Poverty rates among the population aged 65 and above, percentage of individuals with incomes below 50% of the median equivalised income



Source: OECD (2013), *Pensions at a Glance 2013*

Mandatory occupational pensions are an important part of overall retirement income. However, funding ratios for mandatory defined benefit occupational pension for public sector workers are currently very low. For private sector worker, pension plans target a replacement rate of 56%, however, the investment risk is born by the plan members. This is not the case for public sector workers and in 2011, the funding ratio for the occupational defined benefit pension was only 53%. Since the start of the global financial crisis, the government has not made any additional contributions to these plans and the assets have declined sharply, thus threatening sustainability.

Average funding ratio of defined benefit pension plans in selected OECD countries and mandatory defined benefit occupational pensions for public sector in Iceland 2010 and 2011, percentage



Source: OECD (2013), *Pensions at a Glance 2013*

Note: The average DB funding ratios are regulatory funding ratios directly provided by national pension authorities and hence cannot be compared across countries.

Key indicators

		Iceland	OECD
Gross replacement rate	Average earner (%)	72.3	54.4
	Low earner (%)	91.7	71.0
Public pension spending	% of GDP	1.7	7.8
Life expectancy	at birth	82.0	79.9
	at age 65	20.0	19.1
Population over age 65	% of working-age population	21.1	25.5
Average worker earnings (AW)	ISK (million)	6.08	5.48

Note: replacement rate is pension entitlement from all mandatory sources of retirement income relative to individual earnings. Calculations are for a full-career worker entering the labour market in 2012. Low earner is assumed to earn 50% of the average.

Source: OECD (2013), *Pensions at a Glance: OECD and G20 Indicators*.

Notes to editors:



Pensions at a Glance 2013: OECD and G20 Indicators

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The report includes pension indicators for the OECD member countries and G20 economies with 2012 pension rules and parameters. There are two special chapters on (i) distributional impact of reforms; (ii) future retirement income adequacy, the role of housing, financial wealth and publicly provided services.

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