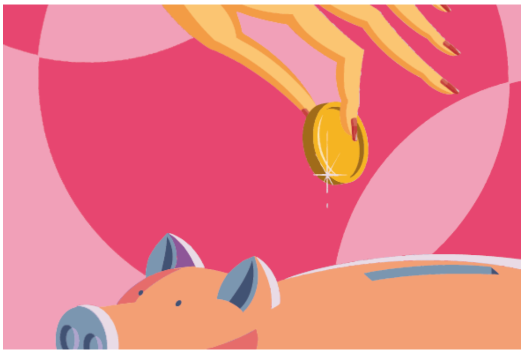


Pensions at a Glance 2013

OECD and G20 Indicators

CZECH REPUBLIC

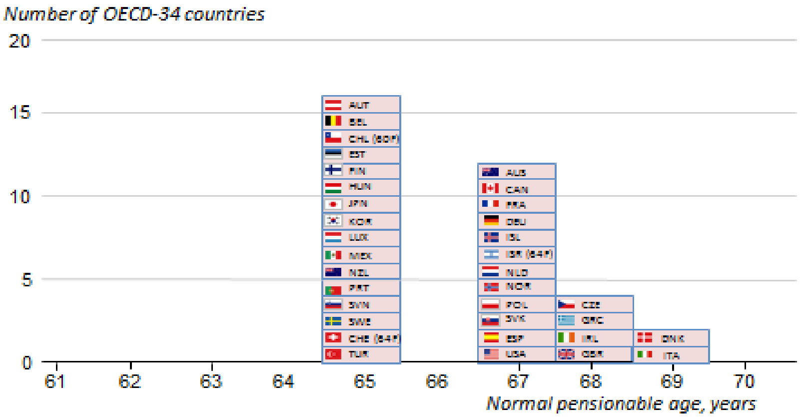
- **Retirement ages will be increasing substantially in the next 50 years.**
- **Contributions to the new DC scheme may contribute to improving living standards in old-age.**

The 2011 pension reform has established a mechanism for gradual increases in the pension age, which will bring the pension eligibility age to 65 by 2028 and to 68 and beyond in the next 50 years**.**.

The effective age of labour market exit is below the OECD average, especially for women: 63.1 for men and 59.8 for women relative to 64.2 and 63.1 in the OECD, respectively. Labour market participation rates are above the OECD average for workers aged 55-59: 76% relative to around 70% for the OECD. In contrast, participation rates of workers aged 60-64 are well below the OECD average: around 29% compared to an average of 47%. There is thus room for improvement.

The extension of working lives may both improve the financial sustainability of the public pension system and contribute to retirement-income adequacy. However, the effectiveness of actions on pension ages depends crucially on the possibility of older people to find and retain jobs. Actions on labour demand are therefore essential to the success of pension reforms for longer working careers.

Pension ages in the long-term

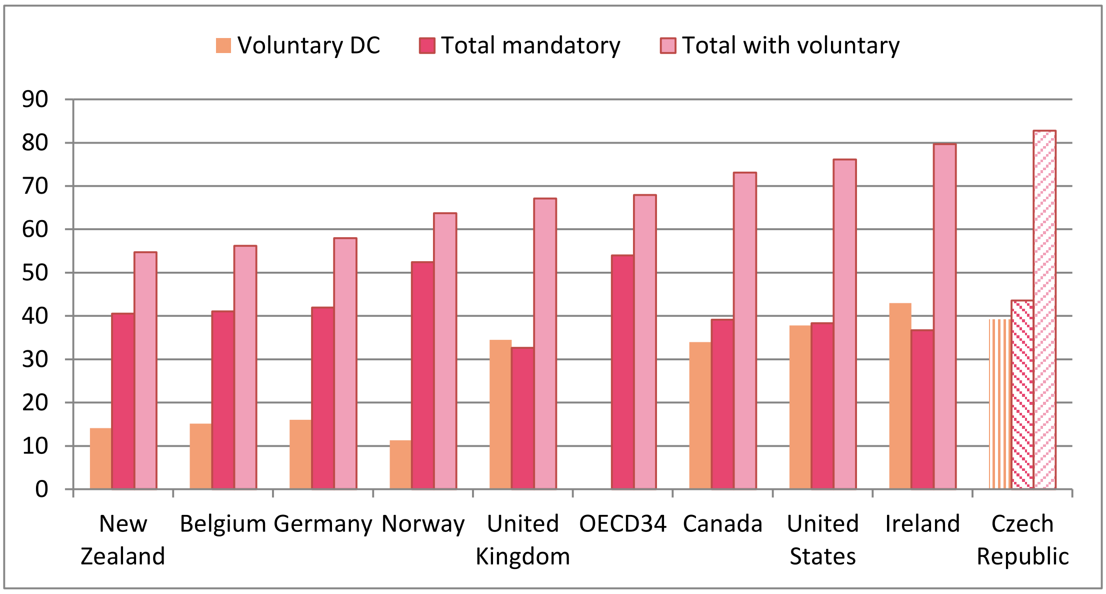


Source: OECD (2013), Pensions at a Glance 2013

As of January 2013 every insured person can voluntarily opt into a privately managed funded defined-contribution pension system by contributing 5% of their gross earnings. Participating in the new private pension scheme also means lower contributions into the mandatory public pension scheme (25 rather than 28% of earnings) and a lower accrual rate of public pension entitlements (1.2% a year instead of 1.5%).

While workers having earned the average wage and retiring after a full-career can expect long-term gross replacement rates of 52% from the mandatory public pension, those who opt for the new system can expect a gross pension replacement rate of around 83%, roughly half of which from voluntary private pension and half from the mandatory public schemes.

Gross pension replacement rates from all mandatory and voluntary pension schemes, 2060



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

Key indicators

		Czech Republic	OECD
Gross replacement rate	Average earner (%)	52.2	54.4
	Low earner (%)	85.2	71.0
Public pension spending	% of GDP	8.3	7.8
Life expectancy	at birth	77.6	79.9
	at age 65	17.1	19.1
Population over age 65	% of working-age population	25.3	25.5
Average worker earnings (AW)	CZK	300 400	812 600

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 2013, OECD and G20 Indicators*, OECD Publishing.

Notes to editors:

Pensions at a Glance 2013:
OECD and G20 Indicators

Published 11.00am Paris time on 26 November 2013

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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