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

Luxembourg
Italy
Germany
France
OECD average
Japan
Canada
Australia
United States
United Kingdom
Ireland

Net replacement rate, per cent

OECD
The pension/earnings link

Individual earnings, proportion of average

Gross relative pension levels

New Zealand
Ireland
The pension/earnings link

[Diagram showing gross relative pension levels against individual earnings, proportion of average, for United Kingdom, Australia, and Canada.]
The pension/earnings link

Individual earnings, proportion of average

Gross relative pension levels

Italy

Luxembourg

NL
The pension/earnings link

Gross relative pension levels

United States

Japan

Individual earnings, proportion of average
Fiscal approach

Current old-age pension spending, per cent of GDP

- Italy
- France
- Germany
- OECD average
- Japan
- Netherlands
- Canada
- New Zealand
- United States
- United Kingdom
- Australia

OECD average

0 5 10 15 20

- Germany
- France
- Italy
- Netherlands
- New Zealand
- Australia
- United Kingdom
- United States
- Japan
- OECD average
- Canada
- Italy
- France
- Germany

OECD average
Fiscal projections

Current and 2050 old-age pension spending, per cent of GDP

Italy
France
Germany
OECD average
Japan
Netherlands
Canada
New Zealand
United States
United Kingdom
Australia

OECD
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
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