

Table 3.2. **Net replacement rates and unemployment insurance benefit duration in 26 OECD countries, 2004**

	Initial net replacement rate ^a (percentage of net earnings in work)	Unemployment insurance benefit duration ^{b, c} (months, equivalent initial rate)	Average of net replacement rates over 60 months of unemployment ^d (percentage of net earnings in work)
Asia	54	8	8
Japan	62	8	48 (+2)
Korea	47	7	42
English-speaking, non-Europe	54	4	4
Australia	45	0	46
New Zealand	56	0	54
Canada	63	9	48
United States	54	6	36 (-6)
English-speaking Europe	51	11	11
Ireland	49	15	64
United Kingdom	54	6	53 (-1)
Nordic Europe	71	34	34
Denmark	70	48	70
Finland	70	23	65 (-9)
Norway	68	36	58
Sweden	75	28	63
Central western Europe	70	18	19
Austria	63	9	57 (-2)
Belgium	61	No limit	61
France	75	23	57 (+4)
Germany	69	12	66 (-3)
Netherlands	74	24	66
Switzerland	77	24	69
Southern Europe	65	16	16
Greece	55	12	35
Italy	54	6	22 (+2)
Portugal	83	24	68
Spain	67	21	49
Eastern Europe	55	9	9
Czech Republic	56	5	53 (-5)
Hungary	49	9	39
Poland	59	12	54
Slovak Republic	56	8	40

- a) Initial net replacement rate is an average of cases of a single person and one-earner married couple, an average of cases with no children and with two children, and an average of cases with previous earnings in work 67% of average production worker (APW) level, 100% of APW level and 150% of APW level. Typical-case calculations relate to a 40-year-old worker who has been making contributions continuously since age 18. Net income out of work includes means-tested benefits (housing benefits are calculated assuming housing costs are 20% of APW earnings) where relevant but not non-categorical social assistance benefits. Taxes payable are determined in relation to annualised benefit values (i.e. monthly values multiplied by 12), even if the maximum benefit duration is shorter than 12 months. See the source for further details.
- b) Duration is shown as zero for Australia and New Zealand since they do not operate unemployment insurance schemes. The net replacement rates in the first column for these two countries reflect means-tested unemployment benefits which are not subject to a time limit.
- c) Months equivalent initial rate for the Czech Republic, the Slovak Republic and Spain where the benefit level declines during the UI period (e.g. for Spain, where the nominal replacement rate declines from 70% to 60% after six months, the months equivalent initial rate is calculated as six months plus 6/7ths of 18 months).
- d) As note a) except that the net replacement rates are averaged over five years of unemployment, the three previous earnings levels considered are 67%, 100% and 150% of the average wage (all workers), and non-categorical social assistance benefits are included in out-of-work net income. Values in brackets are percentage point changes between 1995 and 2004, which are only available for a small number of countries. Data for Korea and New Zealand correspond to 2001.

Source: OECD database on Benefits and Wages.

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