

Corrigendum

Page 48:

The first paragraph was modified to read as follows (changes shown in bold):

The Spanish reform relies on higher contributions in particular from high earners that are only to a small degree offset by increasing their pensions, which will be used to improve pension finances and build the reserve fund. A new contribution is introduced on the part of earnings exceeding the maximum contribution base, beyond which no pension entitlement accrues and which was equal to 1.75 times average earnings in 2022.⁴³ From 2025, the new contribution equals 0.92% of the part of the salary between 100% and 110% of the maximum contribution base, plus 1.00% between 110% and 150% and 1.17% above 150%. These rates will gradually increase to reach high levels of 5.5%, 6% and 7% in 2045, respectively. This potentially has a substantial impact on pension revenues. Furthermore, Spain will gradually double the contributions to its reserve fund. Set at 0.6 percentage points upon its introduction in December 2021, this component of the contribution rate will increase by 0.1 percentage points every year from 2024 onwards to reach 1.2 percentage points in 2029. Withdrawals from the reserve fund may be made from 2032 to finance pension spending. The annual drawdown cannot be higher than 0.2% of GDP and until around 2040 flows into the fund must exceed the outflow. **The maximum contribution base is set to increase by 1.2% per year in real terms between 2024 and 2050 or 38% in total, while the maximum pension would only increase by 0.115% per year in real terms or 3% in total.**⁴⁴ In total, these measures, together with a reform of contributions of the self-employed, are estimated to generate annual revenues of 1.3% of GDP in 2050 (AReF, 2023^[54]). With Spain's pension expenditures forecasted to grow fast until 2049, the sharp rise in the maximum contribution base combined with a limited increase in the maximum pension will help finance the increase in expenditures. However, the additional revenues only partially cover increasing expenditures mainly stemming from the re-introduction of price indexation: annual expenditures are projected to increase by 2.4% of GDP, resulting in a projected increase in the deficit of 1.1% of GDP in 2050 (AReF, 2023^[54]).

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The fifth paragraph was modified to read as follows (changes shown in bold):

Measures legislated over the last two years and described above have the largest positive impact on net replacement rates over the long term in Chile, Spain and Sweden. **In Chile, by vastly expanding**

the targeted pension, the impact of the reform is to raise, all else equal, future projected replacement rates by 15 and 13 percentage points for full-career workers with low and average wages, respectively. For Spain, the elimination of the sustainability factor results in net replacement rates that are around 7 percentage points higher. Sweden also records a significant increase in replacement rates due to the effect of higher retirement ages. In Greece, the shift from NDC to FDC for the auxiliary pensions, legislated in 2021 and effective as of 2022 (OECD, 2021^[9]), generates the typical trade-off when replacing PAYG by funded pensions: higher future pensions – especially as the NDC returns in Greece are influenced by the sharp projected fall in the working-age population which affects long-term GDP potential growth – and medium-term pressure to publicly finance accumulated NDC entitlements as new contributions are invested in FDC accounts. Moreover, replacement rates will increase in the Slovak Republic due to higher retirement ages.

Page 138:

The section “Minimum contributory pensions was modified to add the word “minimum” to read as follows (changes shown in bold):

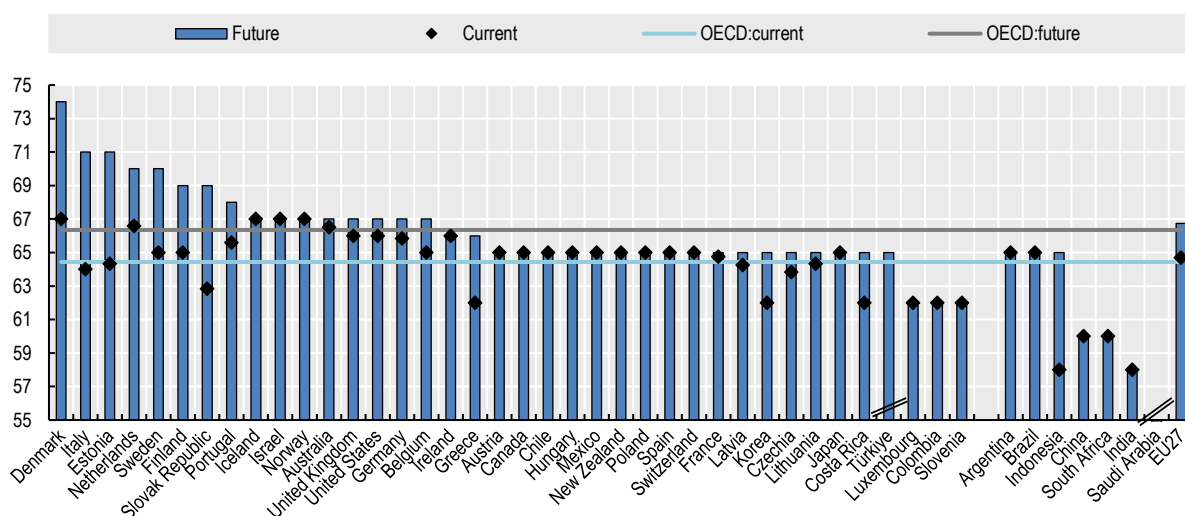
Likewise for minimum contributory pensions there are different eligibility rules across countries. Minimum contributory pensions are much more widespread than contribution-based basic pensions and more commonly have only one monetary value irrespective of the eligible contribution period, with fewer than half of countries applying higher rates for longer careers of contribution. On average 19 years of contribution are required for eligibility to a minimum contributory pension, with 29 years required on average for the full pension. In France and Switzerland, only one period of contribution is required for a minimum contributory pension, whilst over 40 years are required for the full benefit. In the Slovak Republic, the minimum contributory pension is achieved after 30 years, with no explicit maximum duration. Full **minimum** pensions are achieved with 25 years of contributions or fewer in Chile, Colombia, Costa Rica, Hungary, Italy, Mexico, Poland, Slovenia, Spain and Türkiye.

Page 145:

Figure 3.8 was modified for Italy along with the figure note, and the corrected version is as follows (changes shown in bold):

Figure 3.8. Current and future normal retirement ages for a man with a full career from age 22

Current and future refer to retiring 2022 and entering the labour market in 2022, respectively



Note: NRA: current and NRA: future refer to retiring in 2022 and entering the labour market in 2022, respectively. For better visibility, the scale of this chart excludes the lowest observed values of 52 for current in Türkiye and 47 for both current and future in Saudi Arabia. Credits for educational periods are not included.

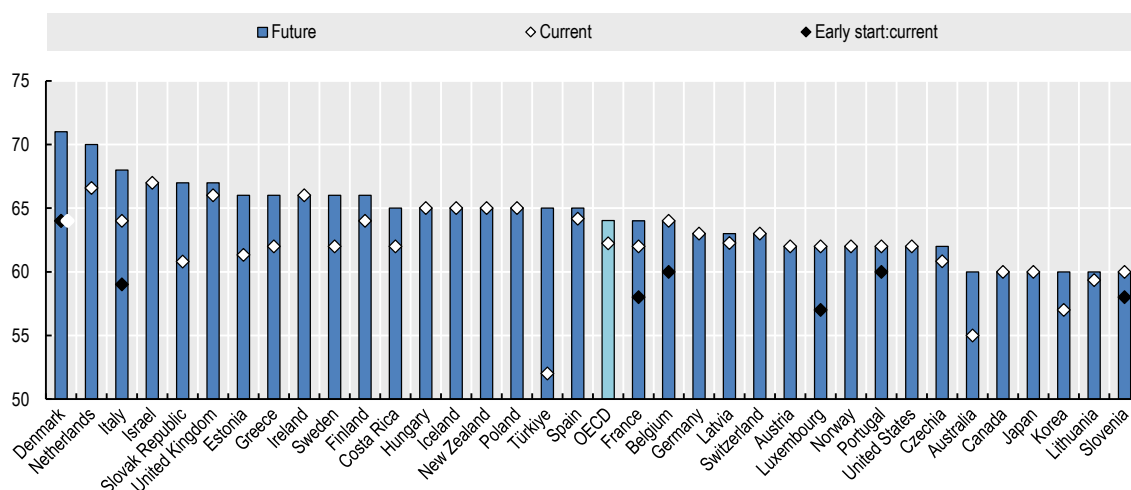
Source: OECD based on information provided by countries; see “Country Profiles” available at <http://oe.cd/pag>.

StatLink <https://stat.link/f9zejl>

Figure 3.9 was modified for Belgium and Spain and the corrected version is as follows:

Figure 3.9. Current and future early retirement ages for a man with a full career from age 22

Current and future refer to retiring in 2022 and entering the labour market in 2022, respectively



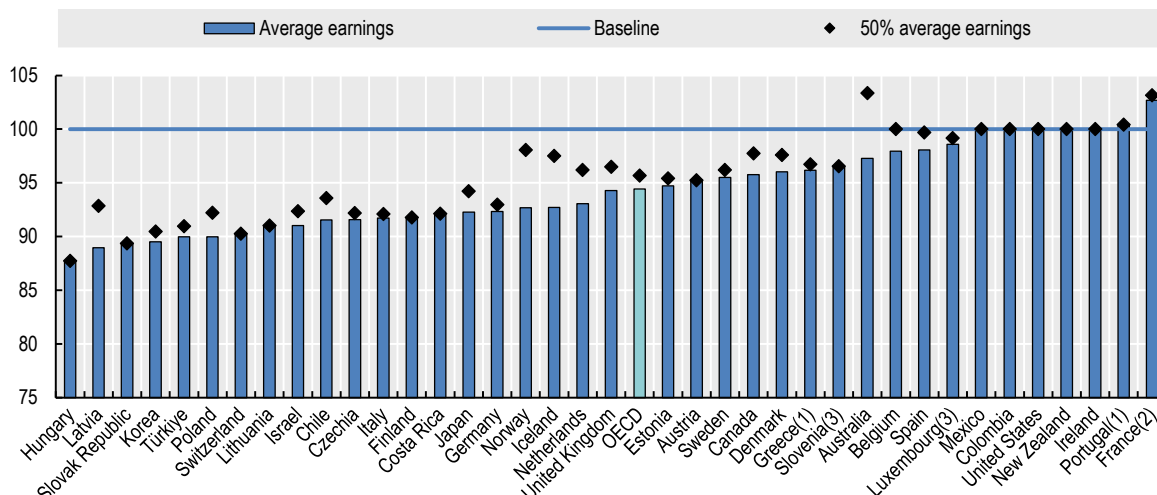
Note: See Table 3.5 and Table 3.6. Chile, Colombia and Mexico are not included as early retirement is possible at any age subject to reaching a minimum benefit level. Early start case involves the career starting well before age 22.

Source: OECD based on information provided by countries; see “Country Profiles” available at <http://oe.cd/pag>.

StatLink <https://stat.link/5bqet2>

Figure 5.1 was modified for France and Hungary and the corrected version is as follows:

Figure 5.1. Gross pension entitlements of low and average earners with a 5-year unemployment break versus worker with a full career



Note: Figure in brackets refers to increase in retirement age due to the career break. Individuals enter the labour market at age 22 in 2020. The unemployment break starts in 2033. Low earners in Colombia, New Zealand and Slovenia are at 64%, 63% and 56% of average earnings, respectively, to account for the minimum wage level.

Source: OECD pension models.


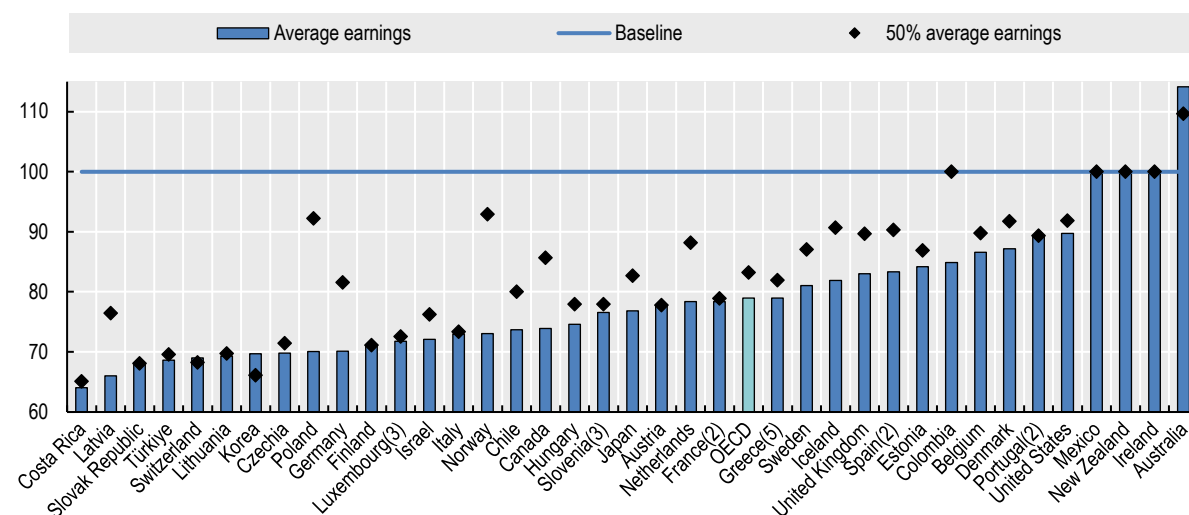
StatLink  <https://stat.link/vmfu6t>

Figure 5.2 was modified for France and the corrected version is as follows:

Figure 5.2. Gross pension entitlements of low and average earners with a 10-year unemployment break after entering the labour market 5 years later



Note: Figure in brackets refers to increase in retirement age due to the career break. Individuals enter the labour market at age 27 in 2025. The unemployment break starts in 2033. Low earners in Colombia, New Zealand and Slovenia are at 64%, 63% and 56% of average earnings, respectively, to account for the minimum wage level.

Source: OECD pension models.

StatLink  <https://stat.link/eltwqp>