

Pensions at a Glance: Public policies across OECD countries

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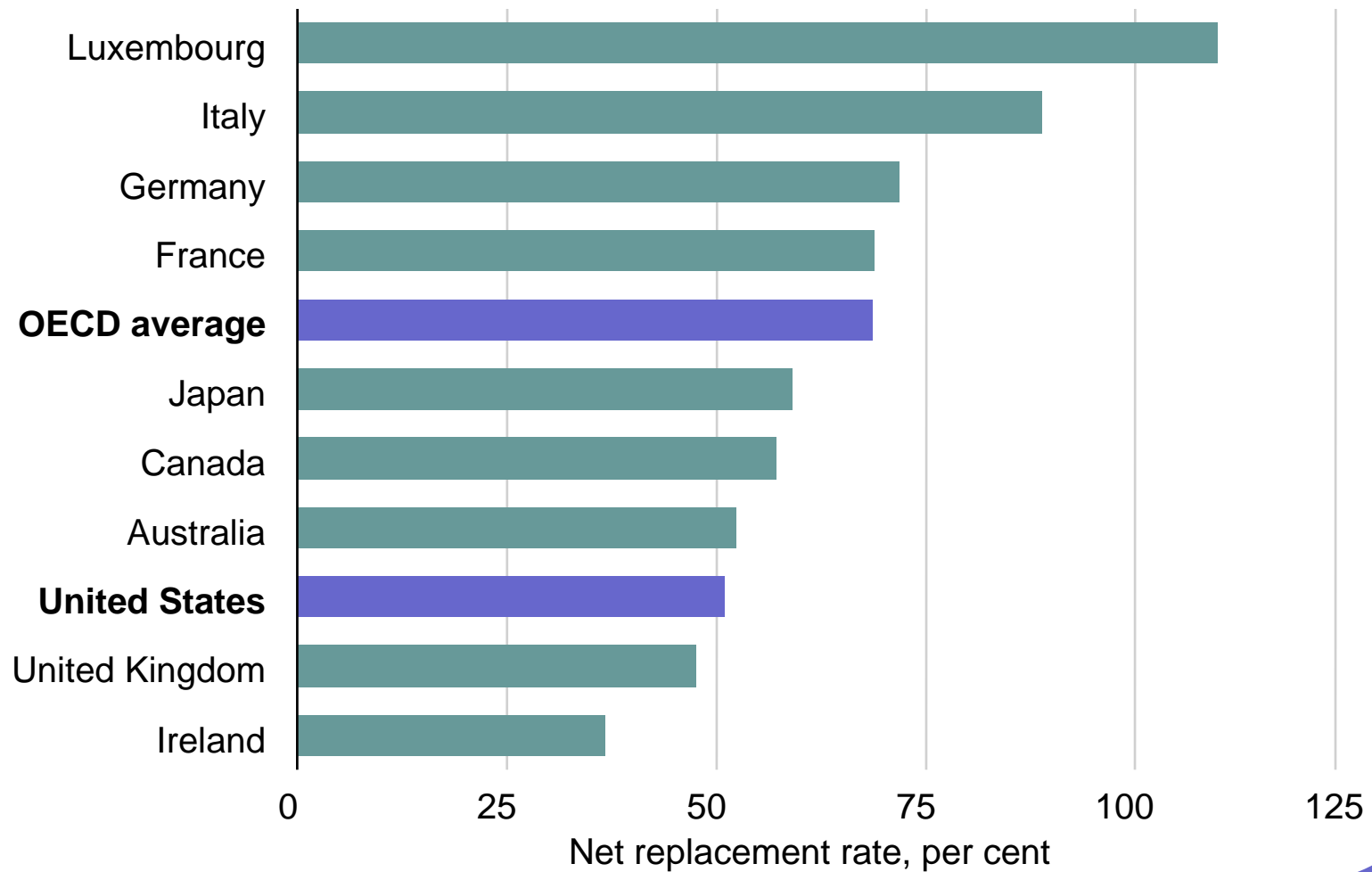
Comparing pension systems

- 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

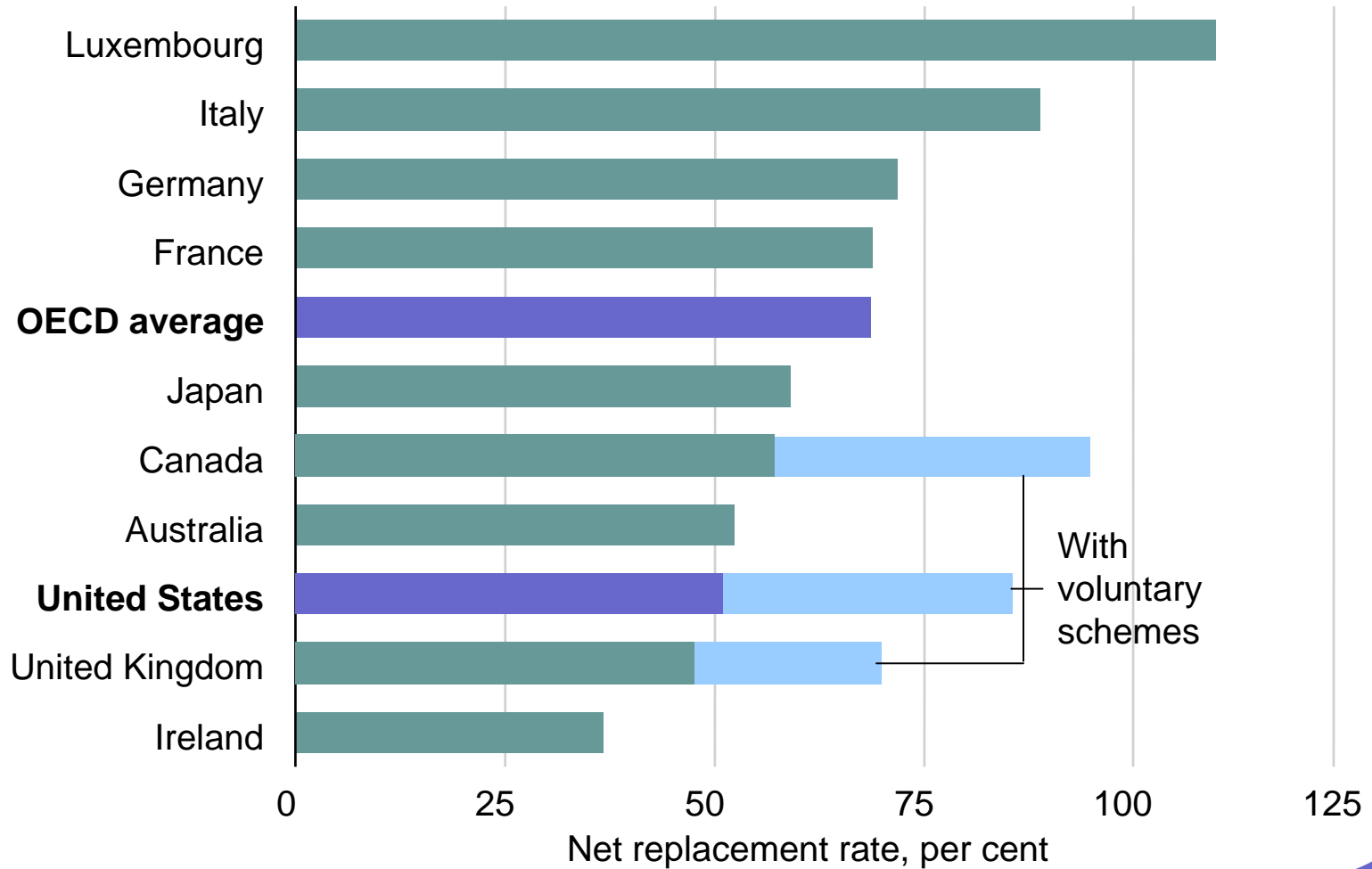
The microeconomic approach

- 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

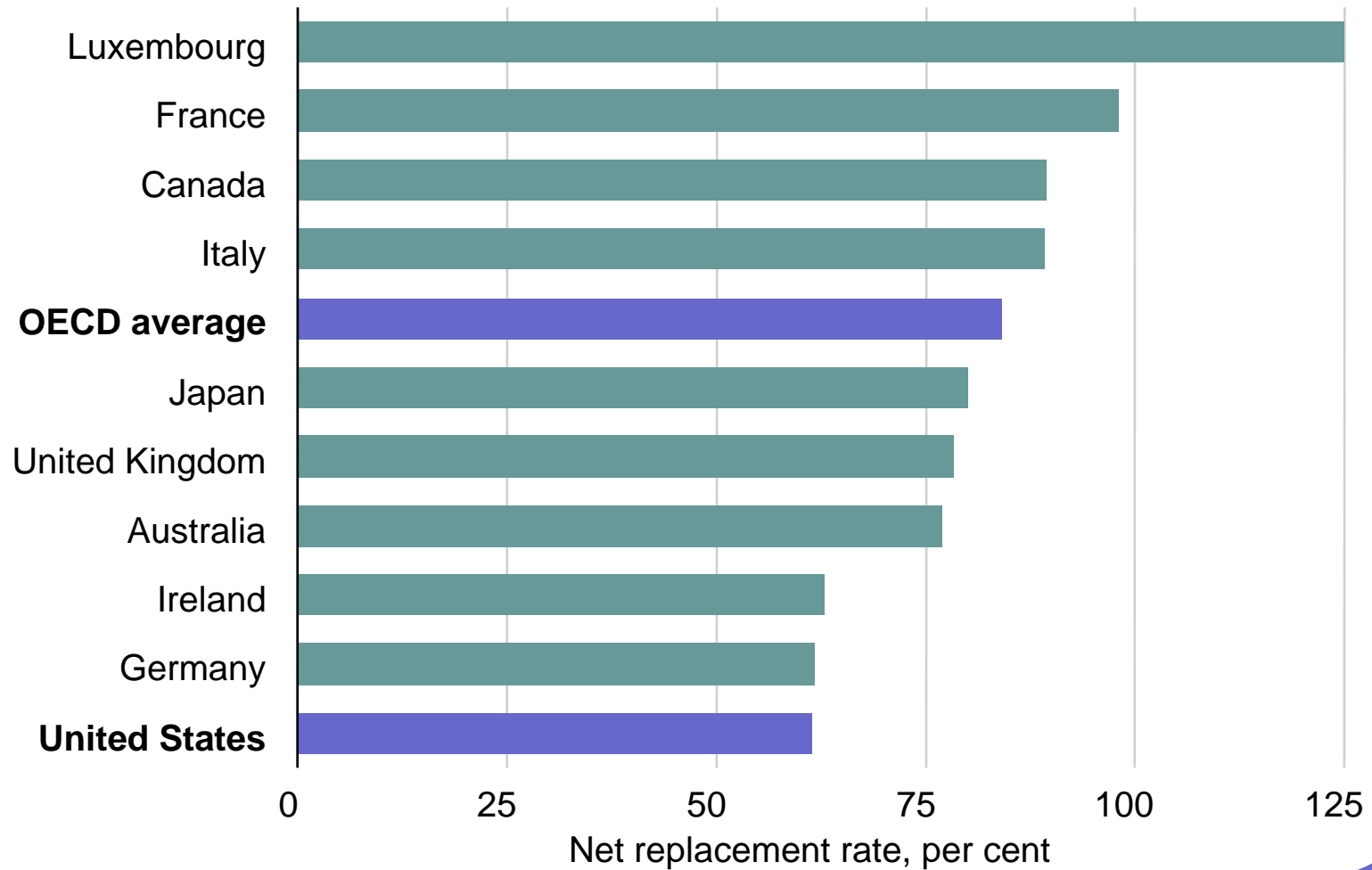
Net replacement rate: average earner



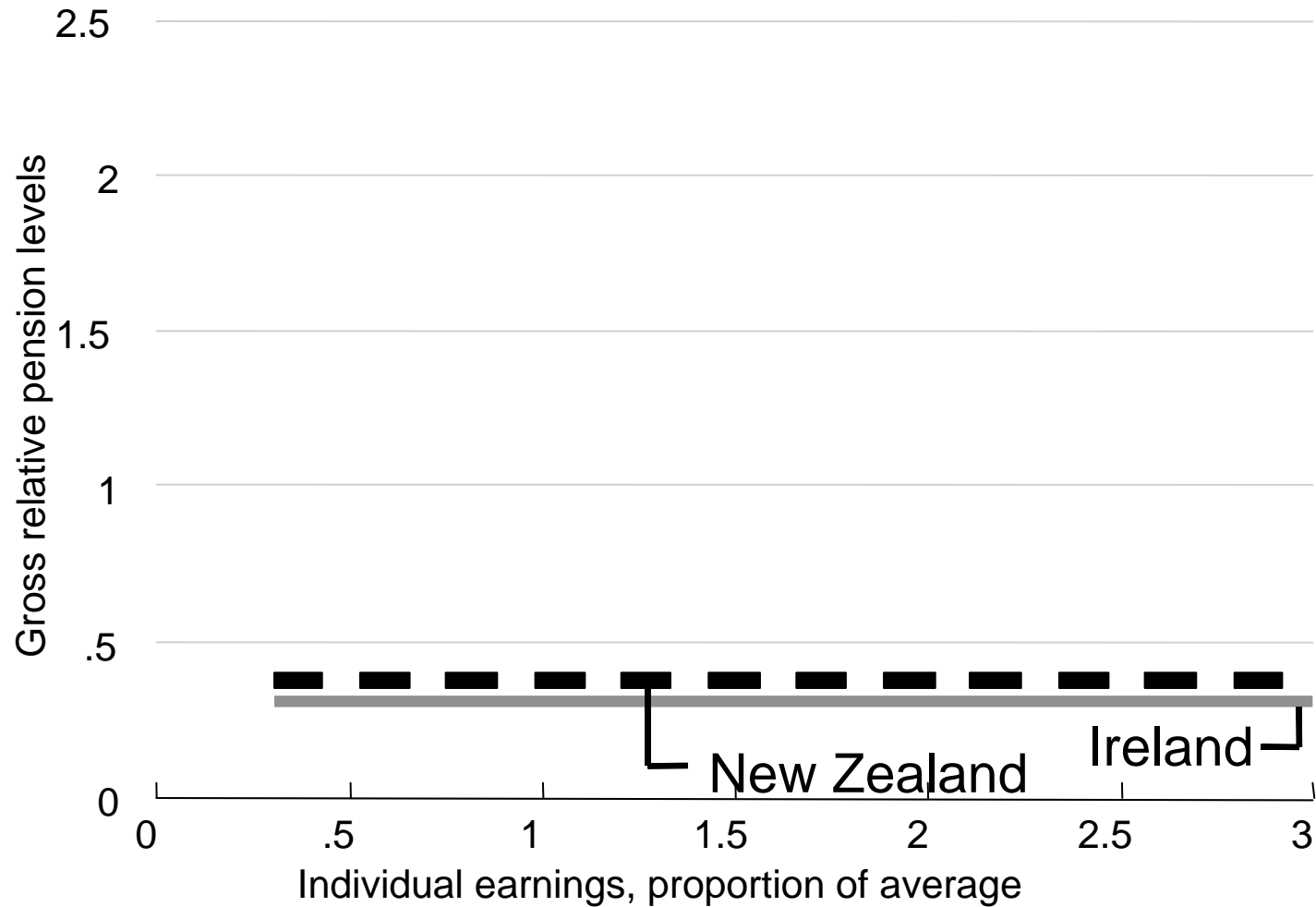
Net replacement rate: average earner



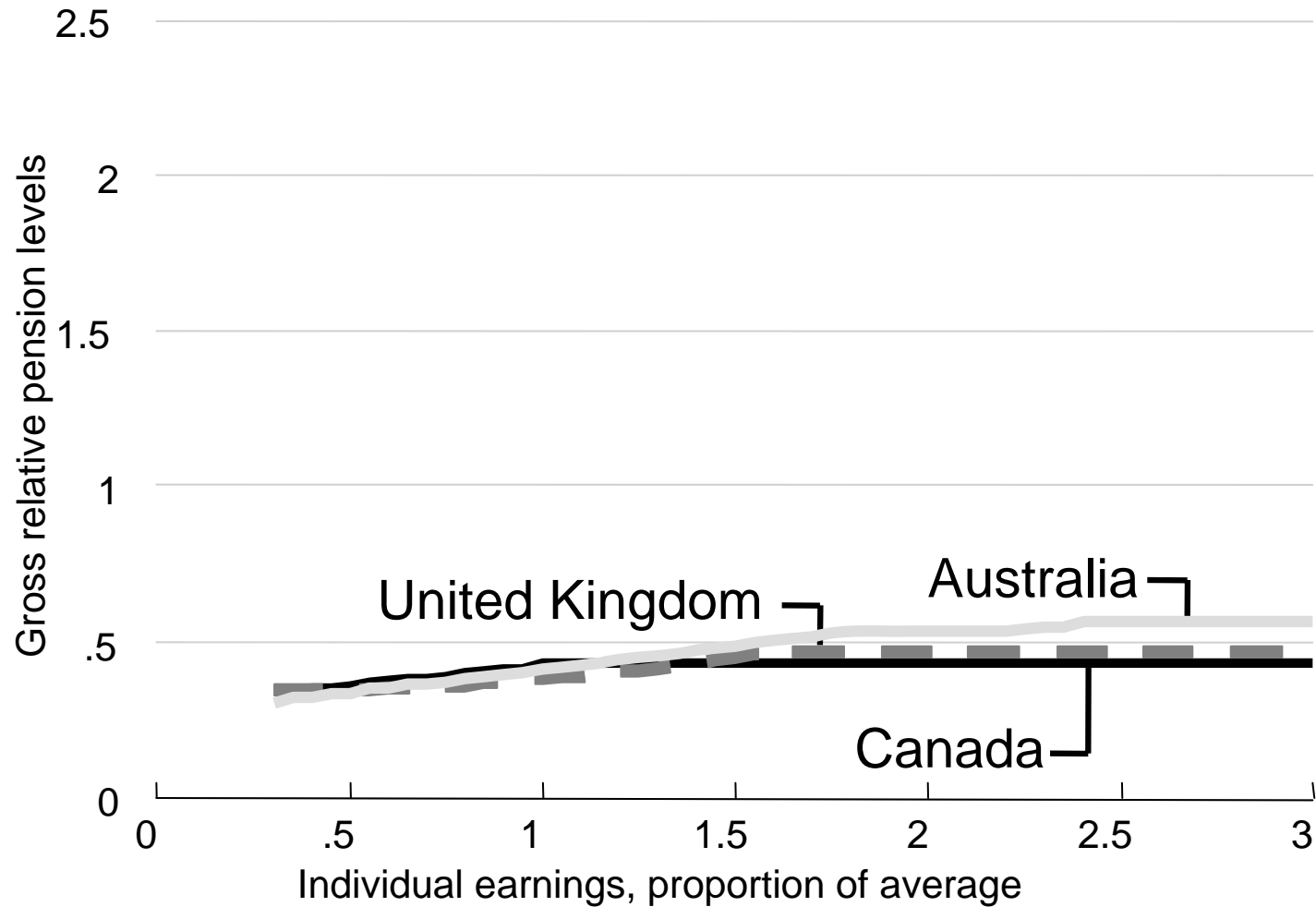
Net replacement rate: low earner



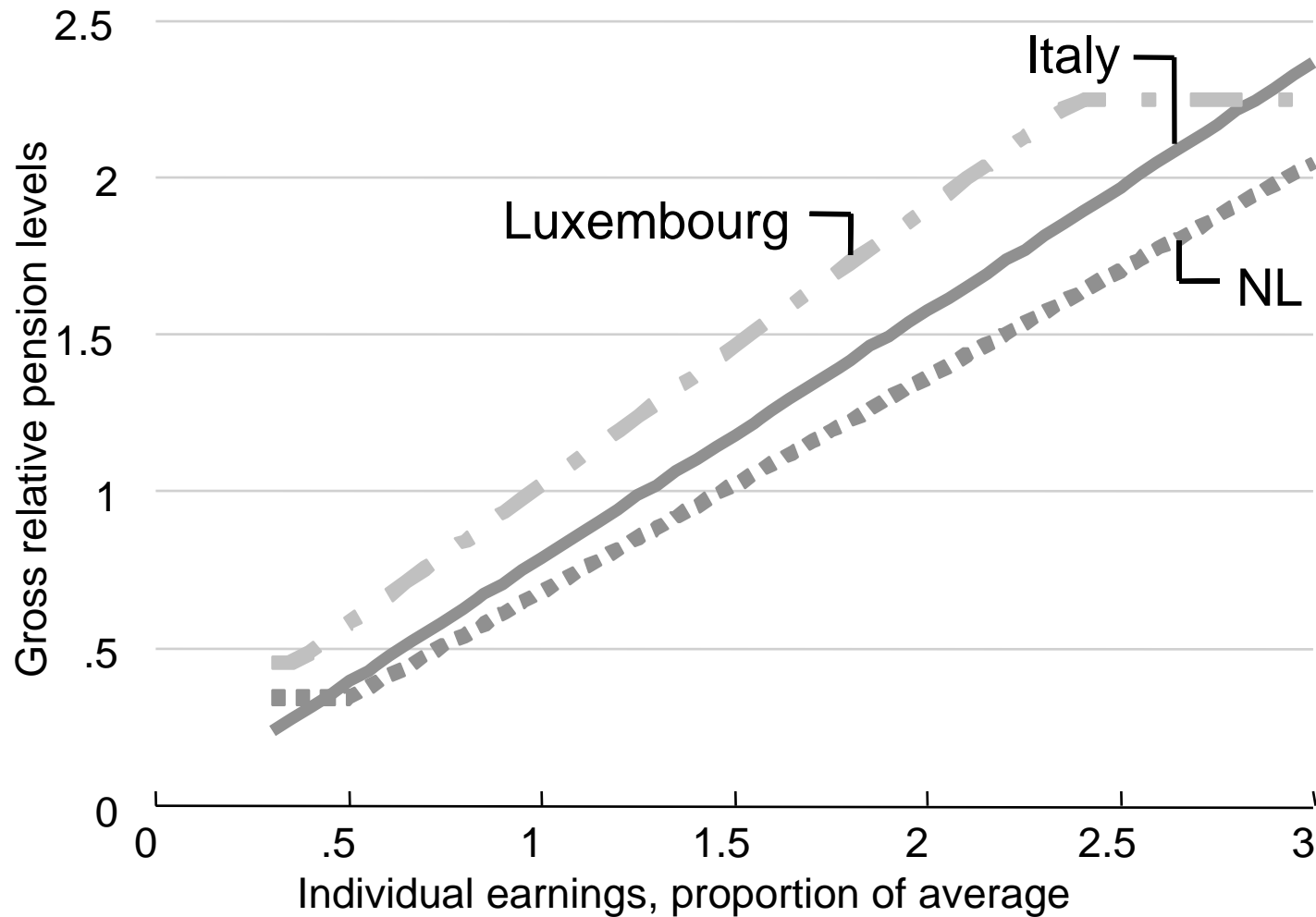
The pension/earnings link



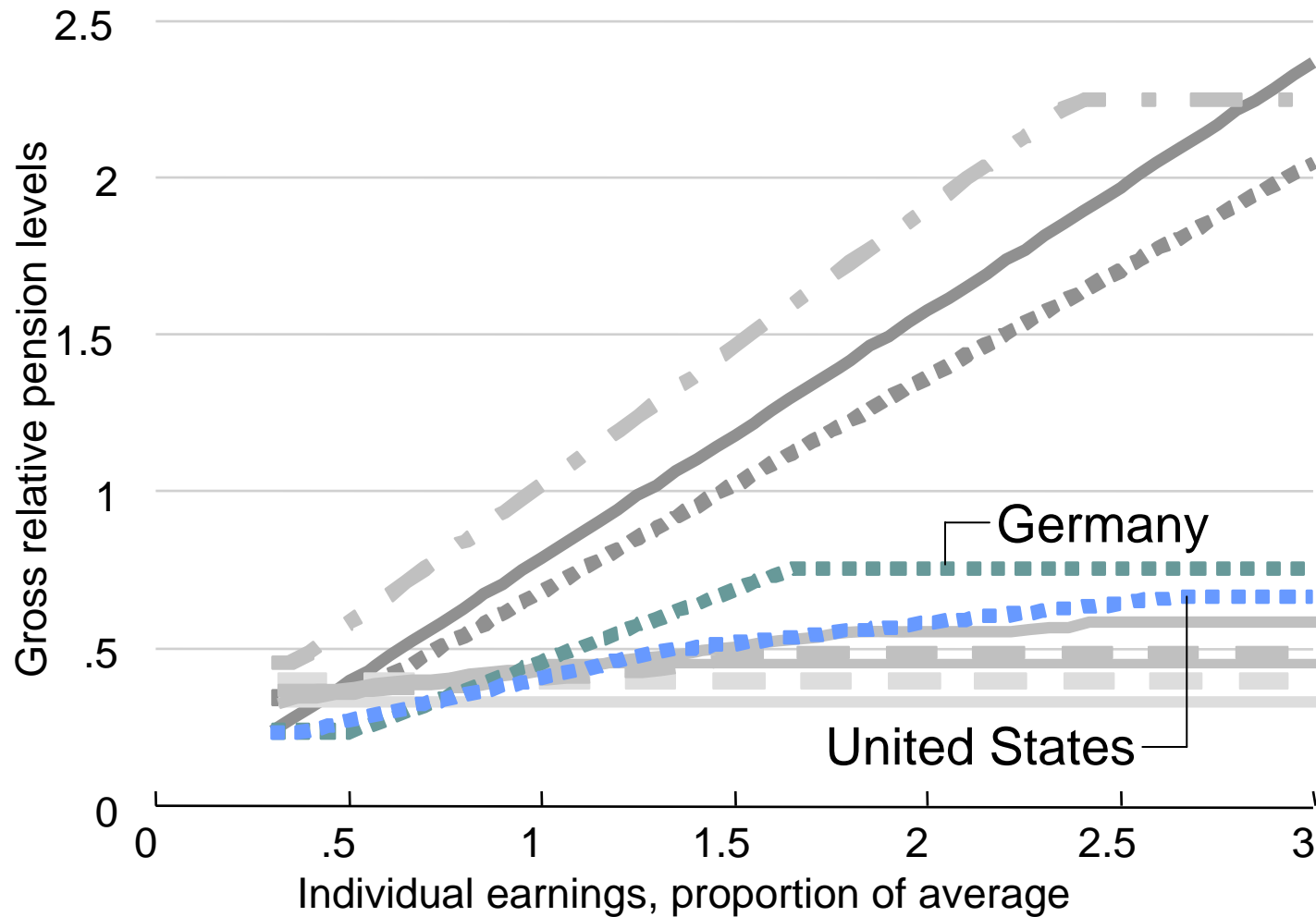
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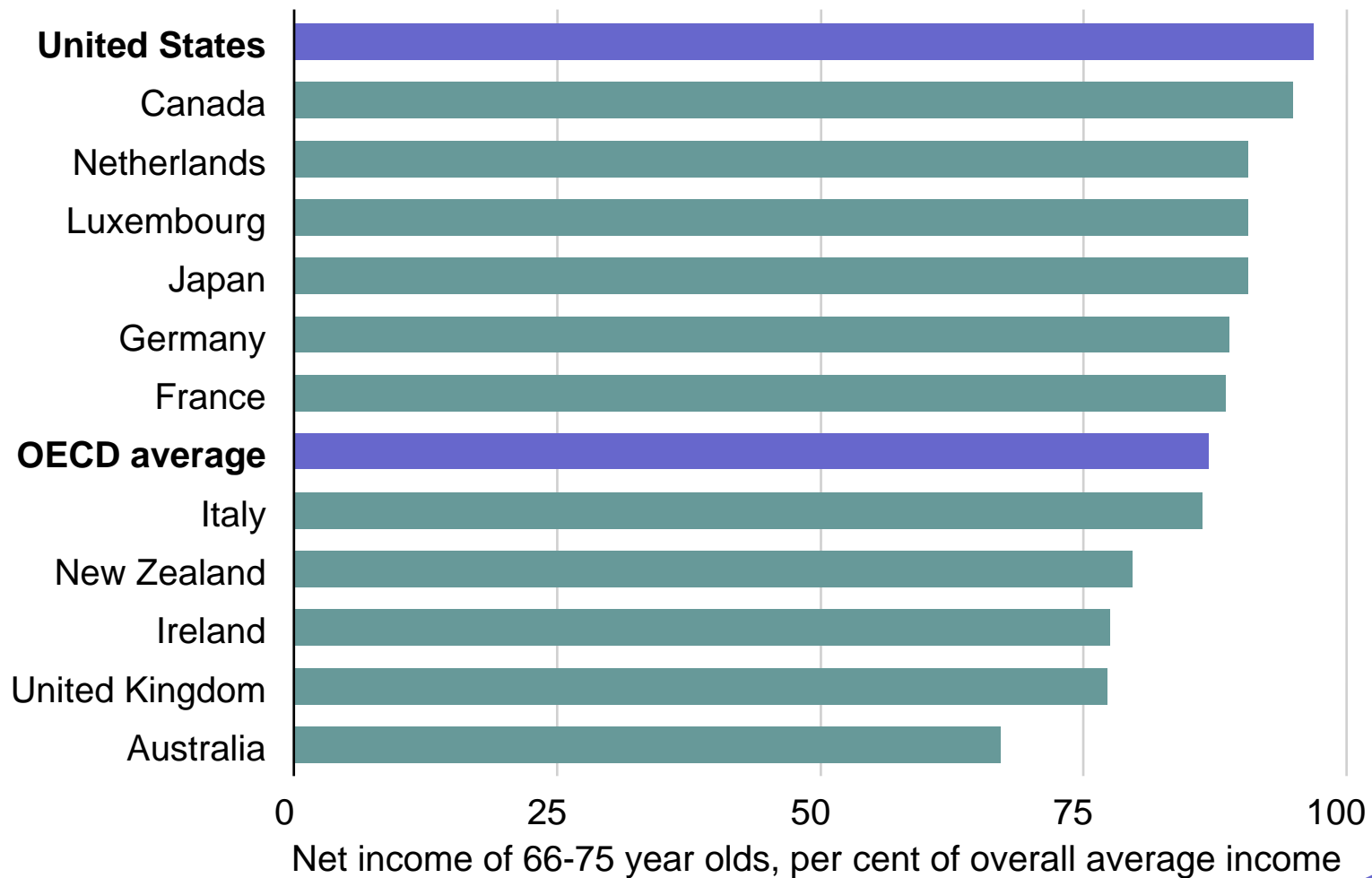
The pension/earnings link



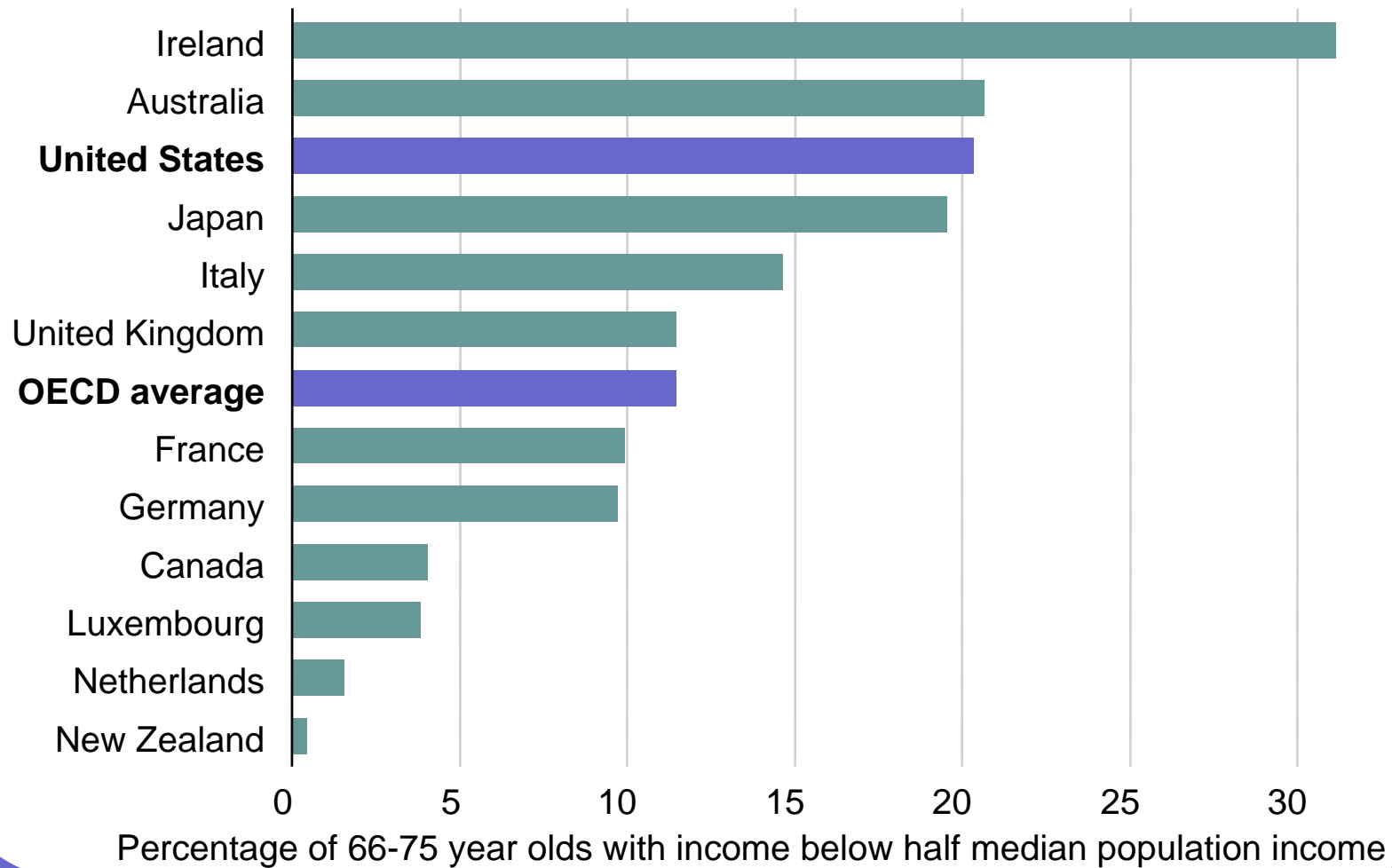
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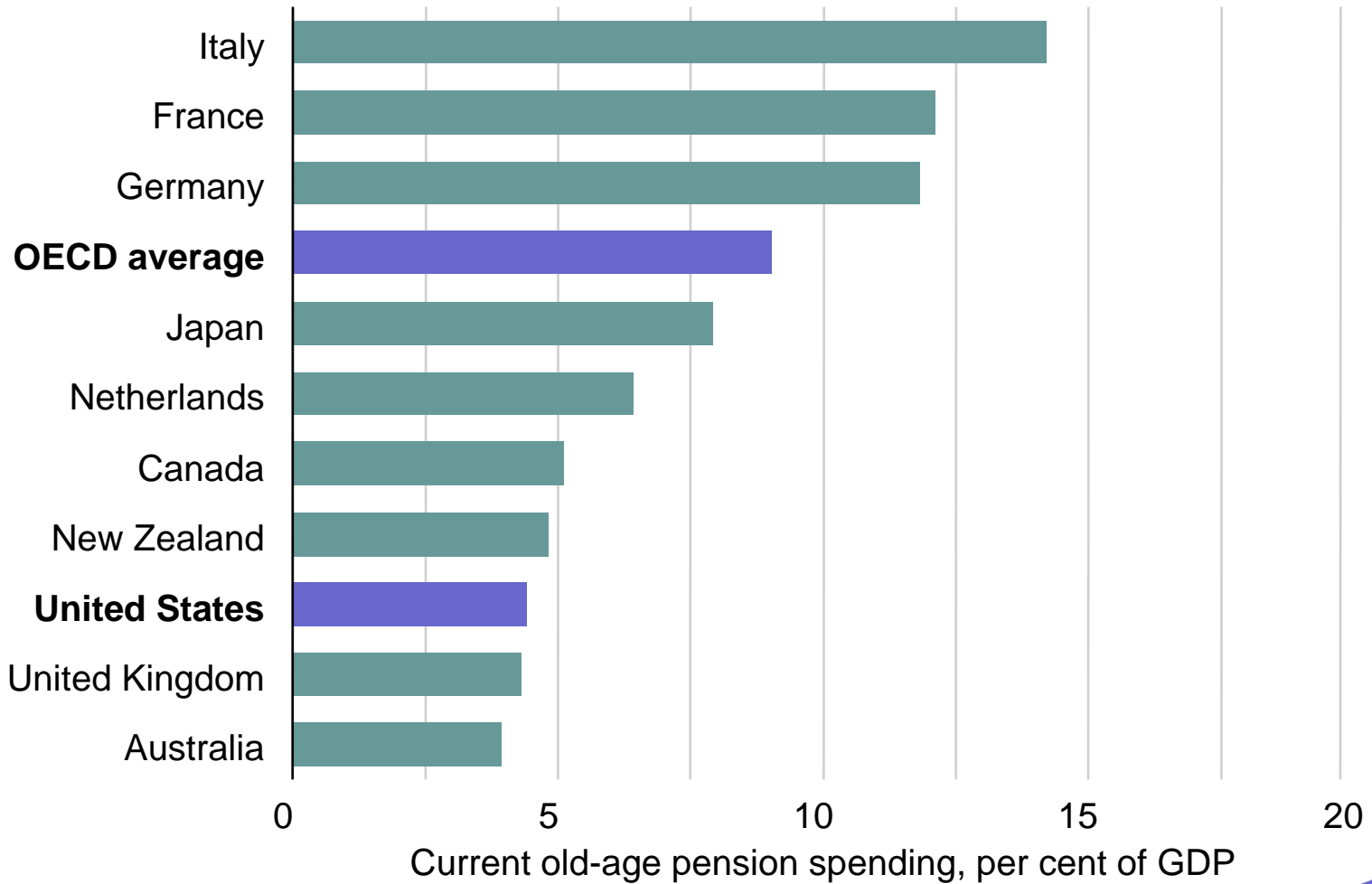
Older people's relative incomes



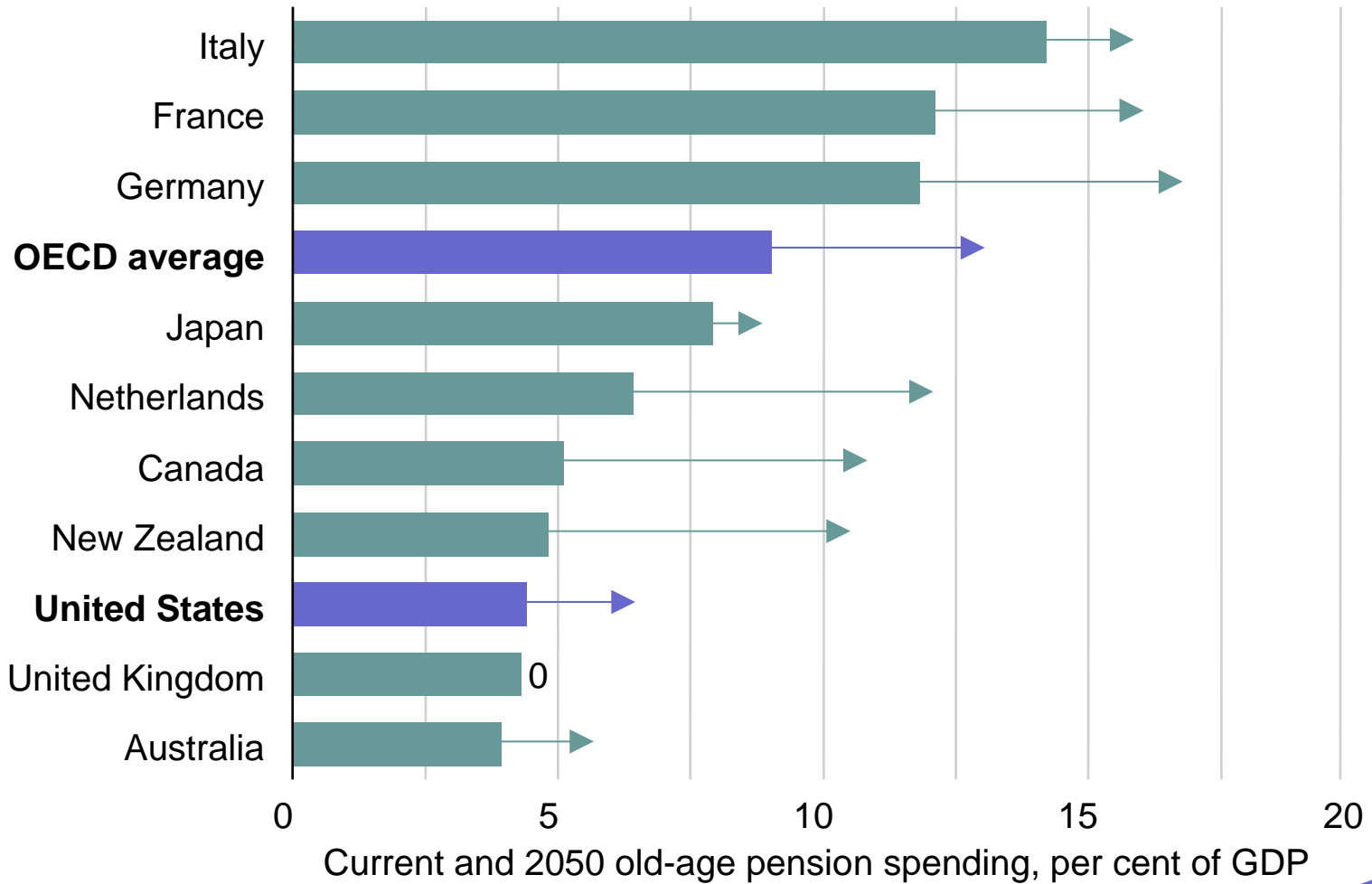
Old-age poverty



Fiscal projections



Fiscal projections



The US pension system in comparison

- Current and future public pension liabilities are low
- Old-age incomes of middle and high earners are among the highest, but, old-age poverty remains very high
- Target benefits levels under social security are relatively low, particularly for low earners

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
- 'Fiscal implications of ageing: projections of age-related spending', by Thai Thanh Dang, Pablo Antolín and Howard Oxley, Economics Department working paper no. 305, OECD, 2001
- *Ageing and Employment Policies: United States*, OECD, 2005
- *Ageing and Income – Financial Resources and Retirement in Nine OECD Countries*, OECD, 2001

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