Pensions at a Glance 2021

Facts & figures

OECD

Old-age income and pension entitlements were protected during COVID-19 crisis

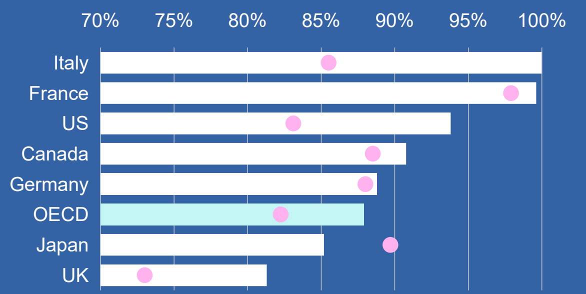
Retirees benefited from special targeted income support in 15 OECD countries, and pension entitlements for workers continued due to extraordinary income support in most OECD countries.

But pension finances deteriorated due to lost contributions on wages and shortfalls have been mainly covered by state budgets.

Average incomes have grown faster for older people than for the total population

Income of people over 65, as % of average disposable income of total population

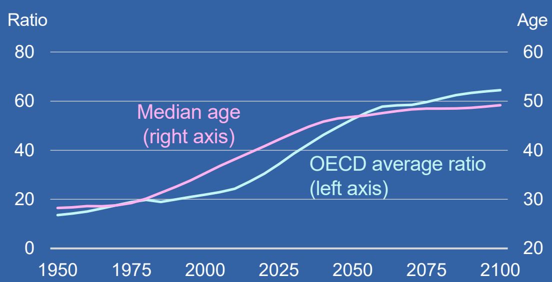
Latest available year | 2000



Populations are ageing rapidly

While the median age has been rising since the 1980s, the old-age to working-age ratio has recently accelerated and will almost double by 2060.

No. of people over 65 per 100 people of working age (20-64) and median age

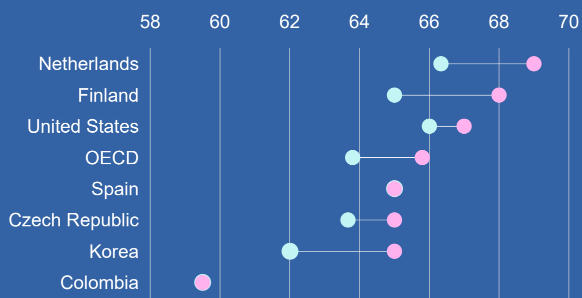


Source: United Nations, World Population Prospects 2019

Normal retirement age is set to increase in majority of OECD countries

Normal retirement age

Current retirement age
Future retirement age



Automatic adjustment mechanisms in pensions are crucial to deal with ageing

Multiple mechanisms: 11 countries, of which 7 link statutory retirement age to life expectancy

No mechanism: 14 countries

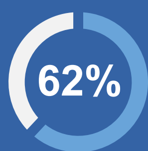
Only balancing mechanism: 4 countries

Funded defined contribution: 7 countries

Only benefit adjustment: 2 countries

Compared with repeated reforms, AAMs make pension adjustments less erratic, more transparent and equitable, but one-third of OECD countries don't use them.

Mandatory pensions vary widely across OECD countries



Across the OECD, an average-wage worker starting a full-career in 2020 is expected to take home 62% of their previous income when they reach retirement.

But this ranges from under 35% in Estonia and Lithuania to over 90% in Hungary, Portugal and Turkey.