



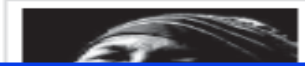
**Comparison between  
retirement schemes across  
Europe : different solutions  
for a common problem**

DEPUIS

40 ans

ET POUR LONGTEMPS

# INTRODUCTION



מְרִיטוֹת הַיָּשׁוּשׁוּת הַחֹדְשִׁי



RETIEMEN



RETRAITE



RETRAITE



EMERYTURA



退休



RUHESTAND



σύναξη



RETRAITE



JUBILACIÓN



EMEKLİ



JUBILACIÓN



PENSJON



REKENAARS



RETIREMENT



RETRAITE



APOSENTADORIA



ПЕНСИЯ



PENSIONE



सेवानिवृत्ति

DEPUIS

40 ans

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# The demographic ageing

**Table 1. People aged 60 and over as a percentage of the total population up to 2050 – The example of 5 Western European countries**

Country	2000	2020	2050
Germany	22.9	30	41
France	20.7	29	38
The Netherlands	18.5	29	35
United Kingdom	20.7	27	37
Sweden	22.2	29	36

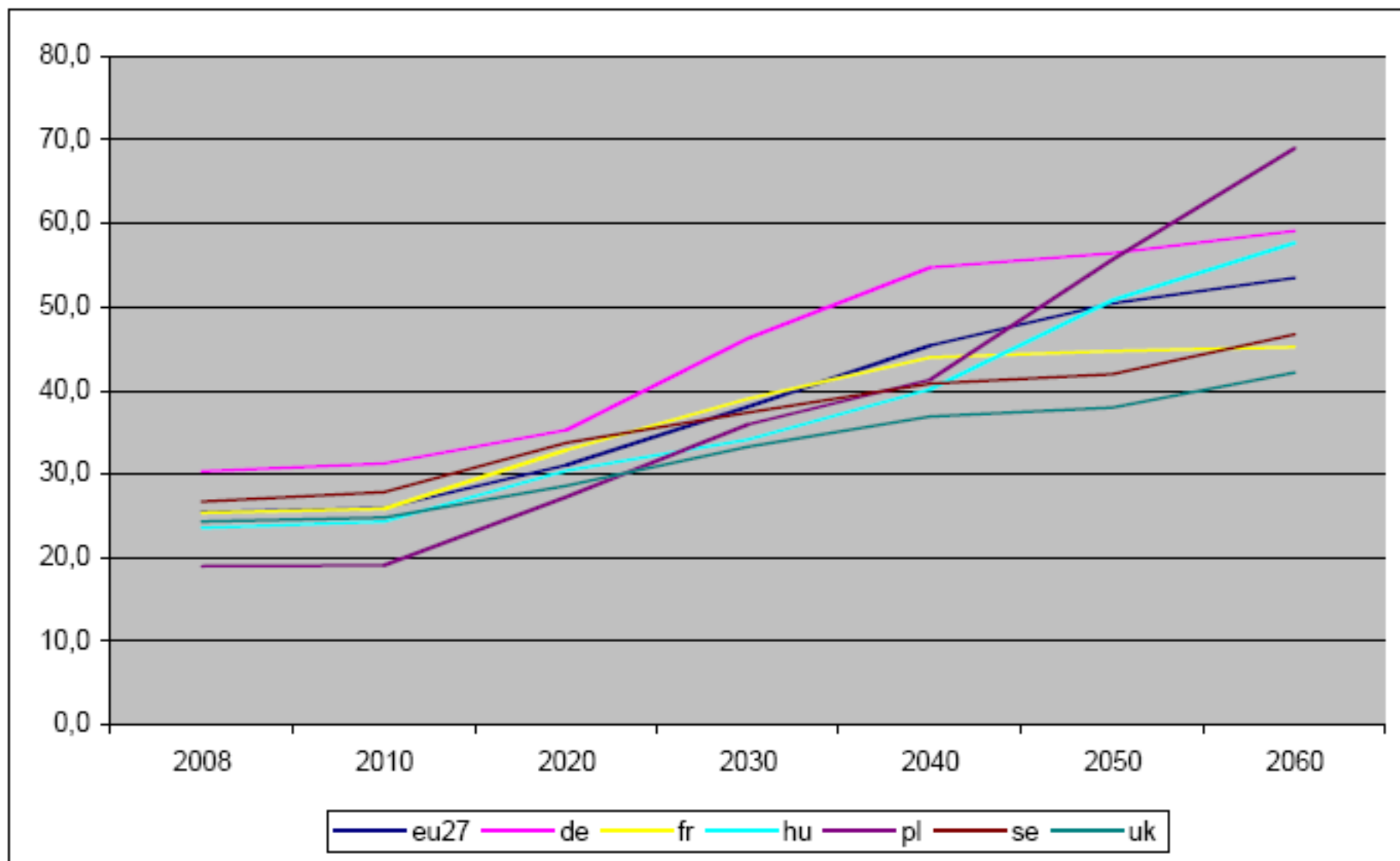
Source: Eurostat, 2001



C'EST  
DÉSÉSPÉRANT!

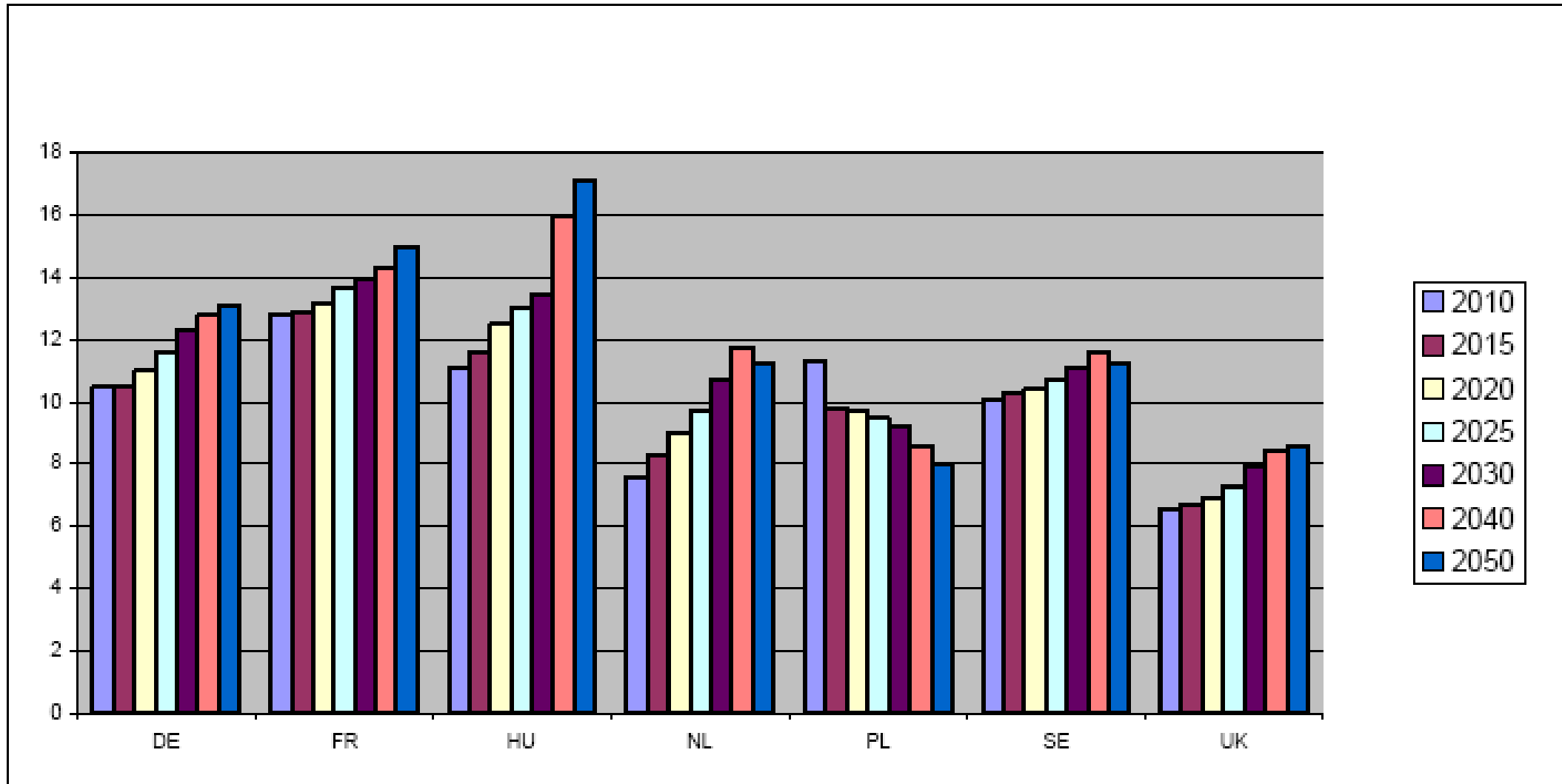


# Demographic dependency ratio in 2008, projected for 2010, 2020, 2030, 2040, 2050 et 2060



Source: Eurostat (2008).

# Evolution of spending from public retirement schemes planned between 2005 et 2050 (according to economic scenario planed in 2004)



Source: Eurostat (Feb. 2008).



תּוֹמָת הַיָּמִים הַזֵּהוּ  
RETIREMENT  
التقاعد  
退職  
EMERYTURA

**I. Analysis of 6 european cases**



退休  
UHJESTAND  
σύναξη  
RETRAITE  
JUBILACIÓN

**II. Respective evolution of these different systems**



NEKLI  
PENSJON  
RETRAITE  
RETIREMENT  
RETRAITE

**through a comparative work**



RETRAITE  
APOSENTADORIA  
ПЕНСИЯ  
PENSIONE  
सेवानिवृत्ति



# 1. 6 organisations, 6 ways of thinking retirement

## 1) United Kingdom

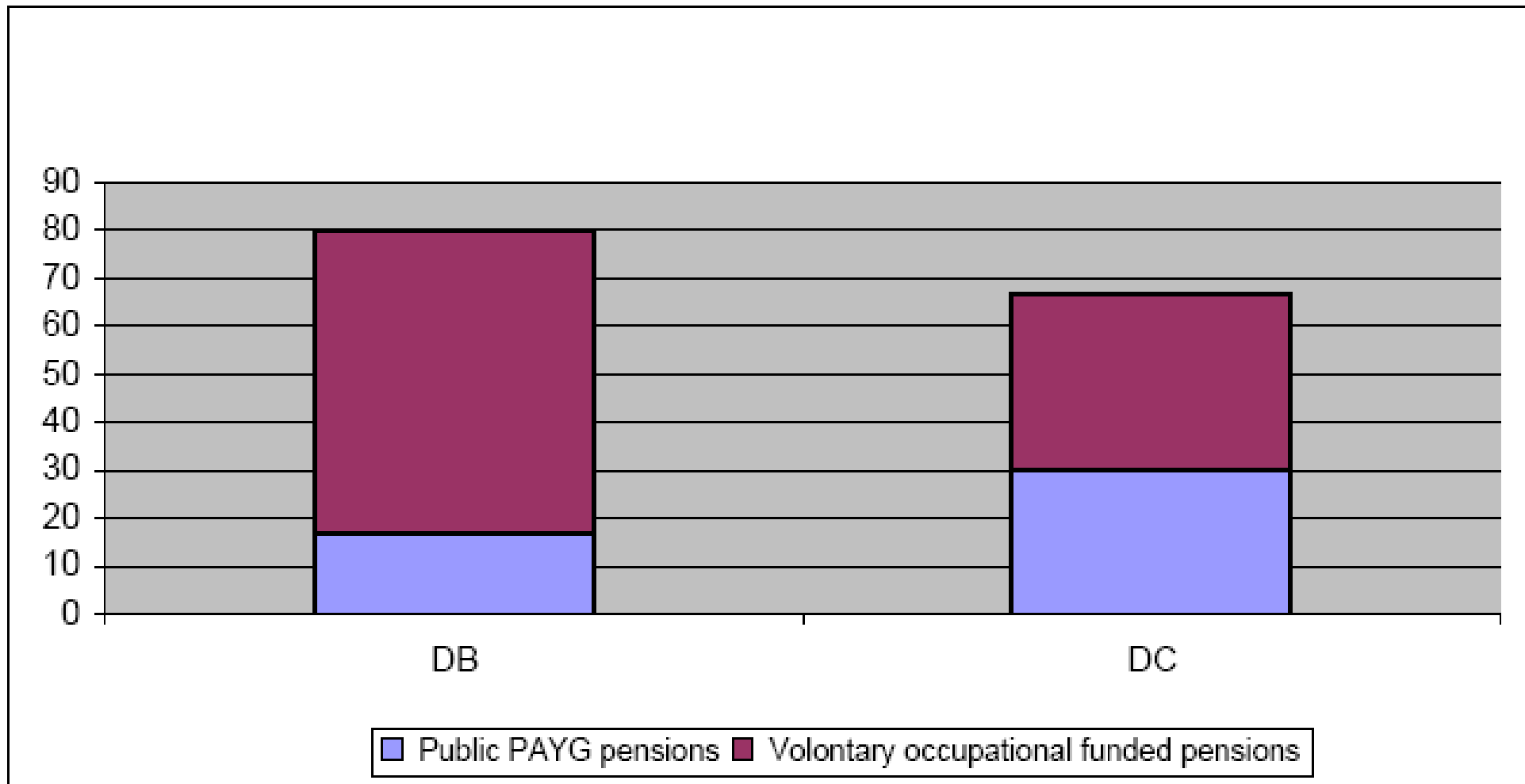
DEPUIS

40 ans

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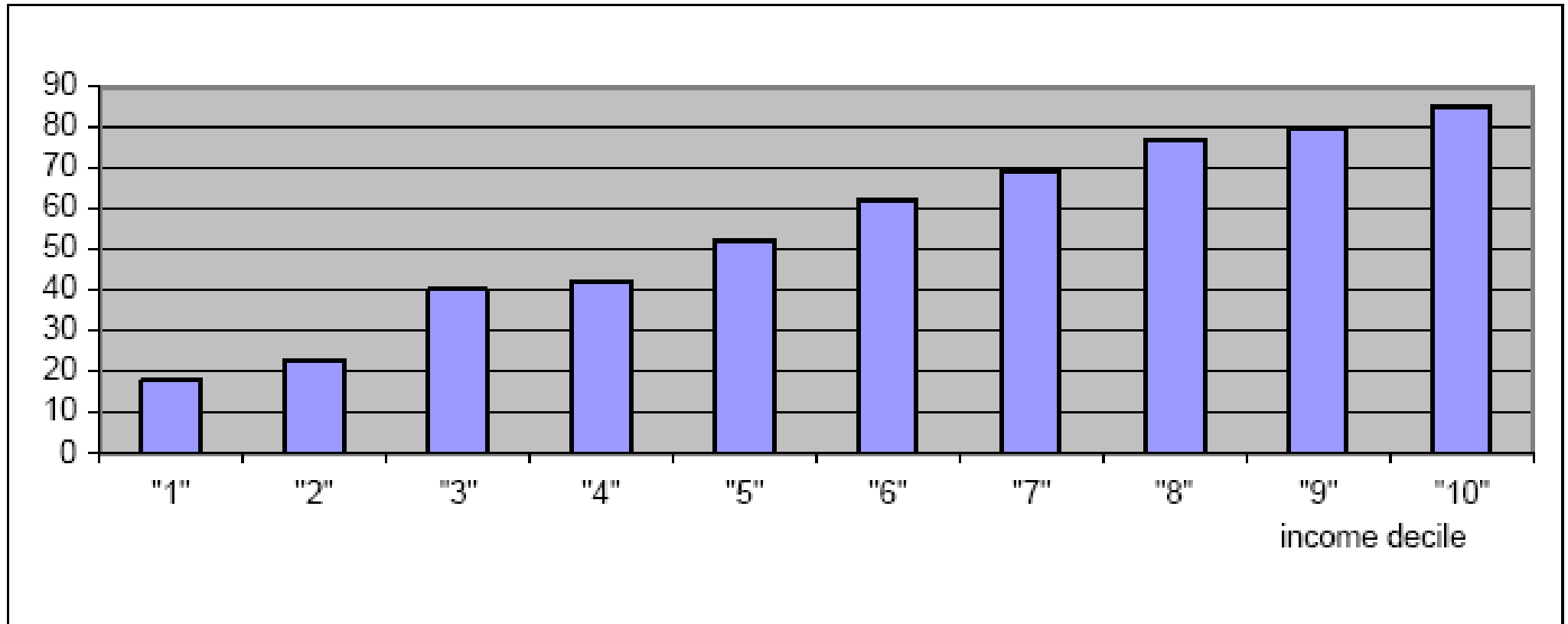


# Estimated retirement rates following a “typical” complete career



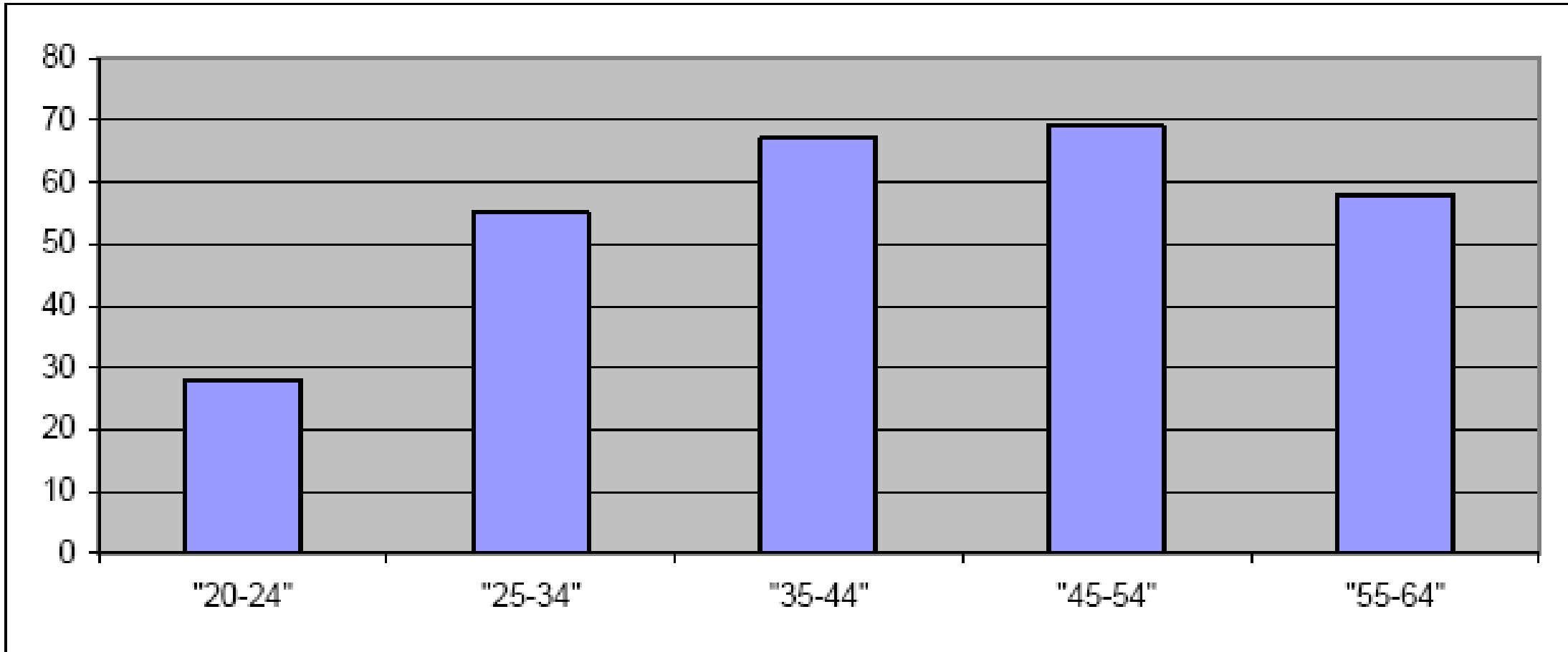
Source: OCDE (2008).

# Pension funds coverage per decile of income



Source: OECD (2008).

## Pension funds coverage per age



Source: OECD (2009).

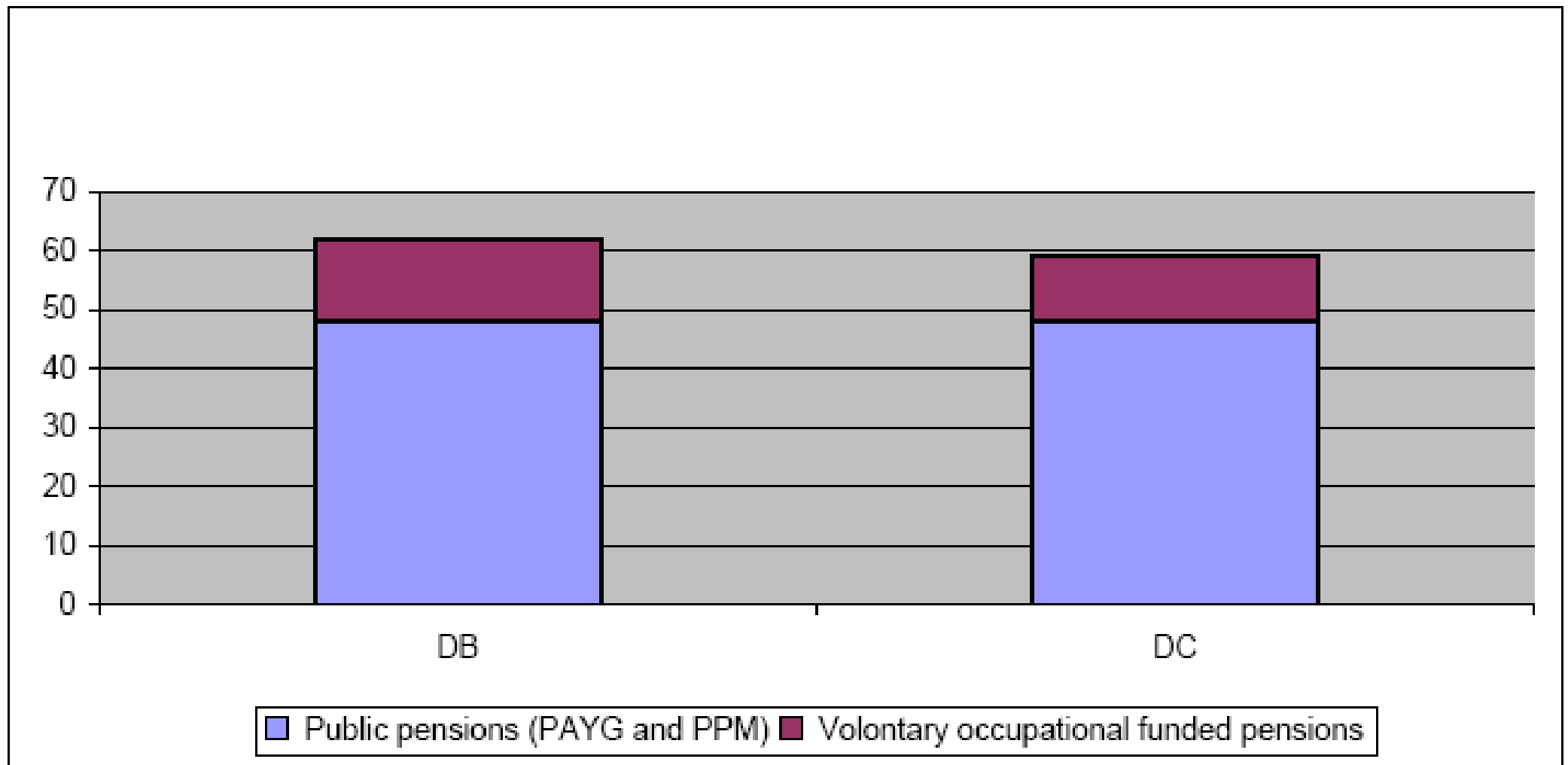
1. 6 organisations, 6 ways of thinking retirement



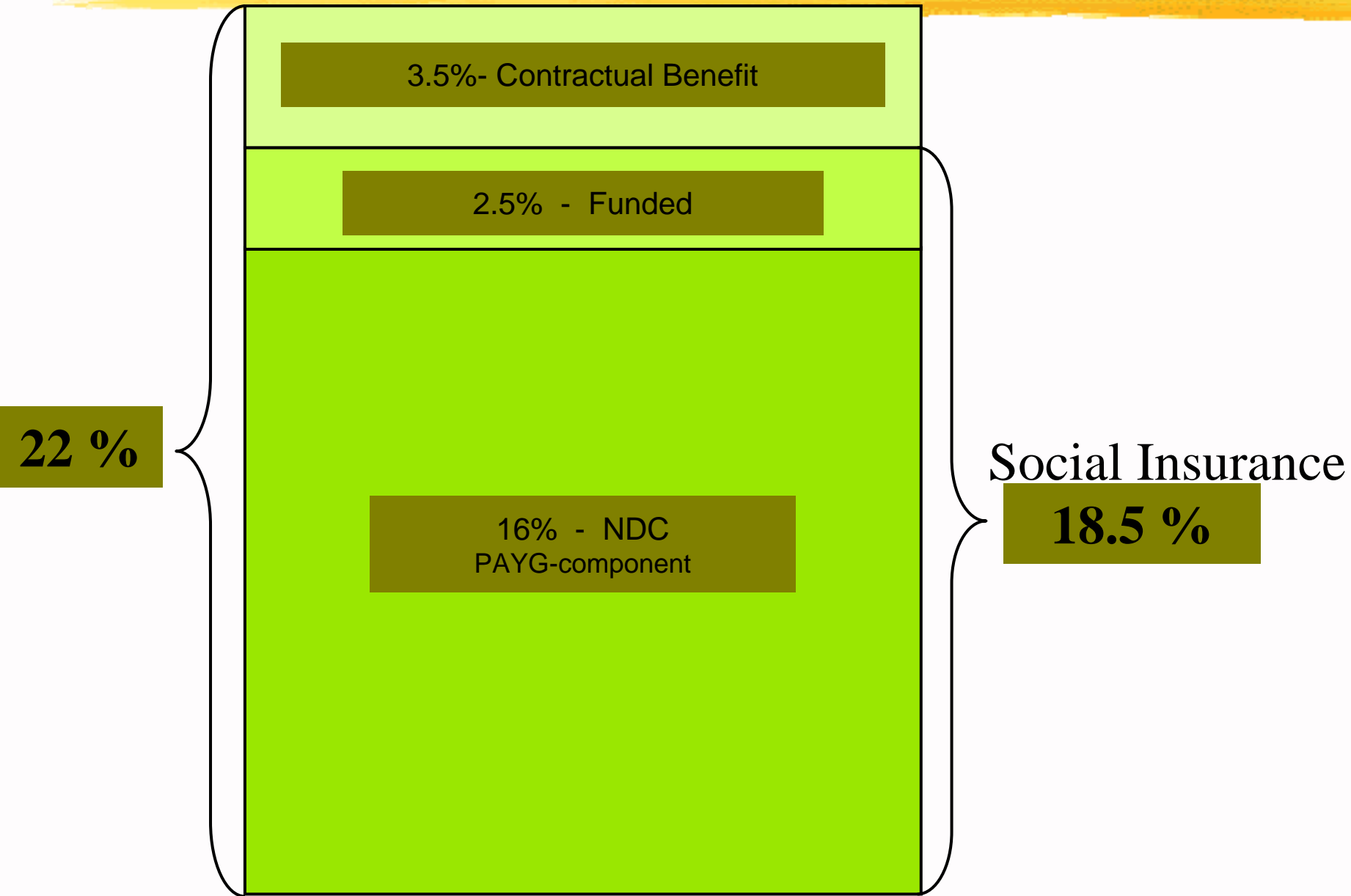
2) Sweden

DEPUIS **40** ans ET POUR LONGTEMPS

# Estimated retirement rates following a “typical” complete career



# Copulsory and optional swedish contribution rate

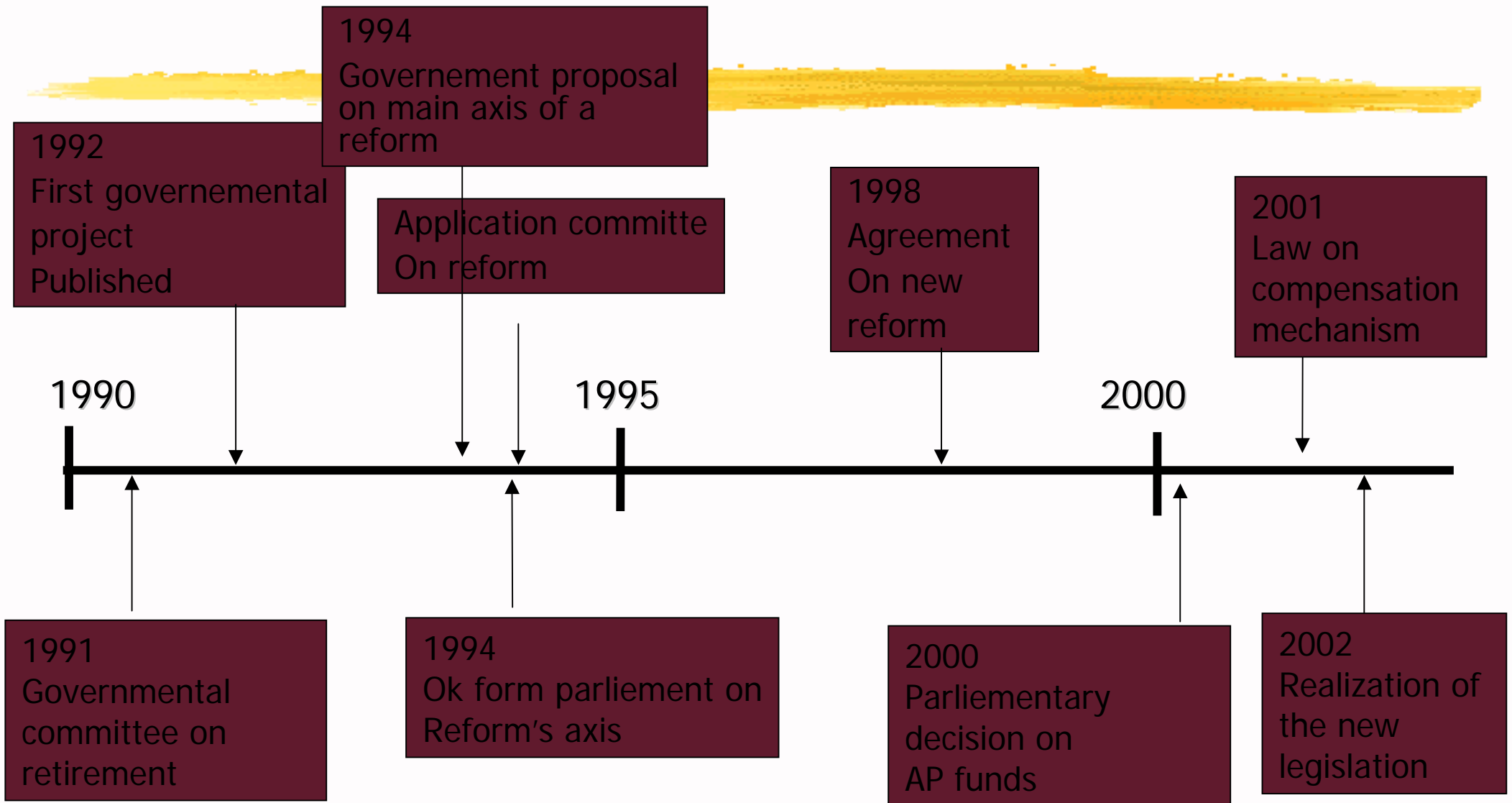


## Chronology of the swedish reform



Working group on retirement	Dec - 91
First project	Aug - 92
Quadripartite agreement	Jan - 94
Parlementary agreement on principles	June - 94
Gradual introduction of the new scheme	1 January - 96

# Chronology





# Reform's objectives

## 1. Credibility

The new scheme must be financially stable, that is to say that it must be a defined contribution schemes = all risks on beneficiaries

## 2. Transparency

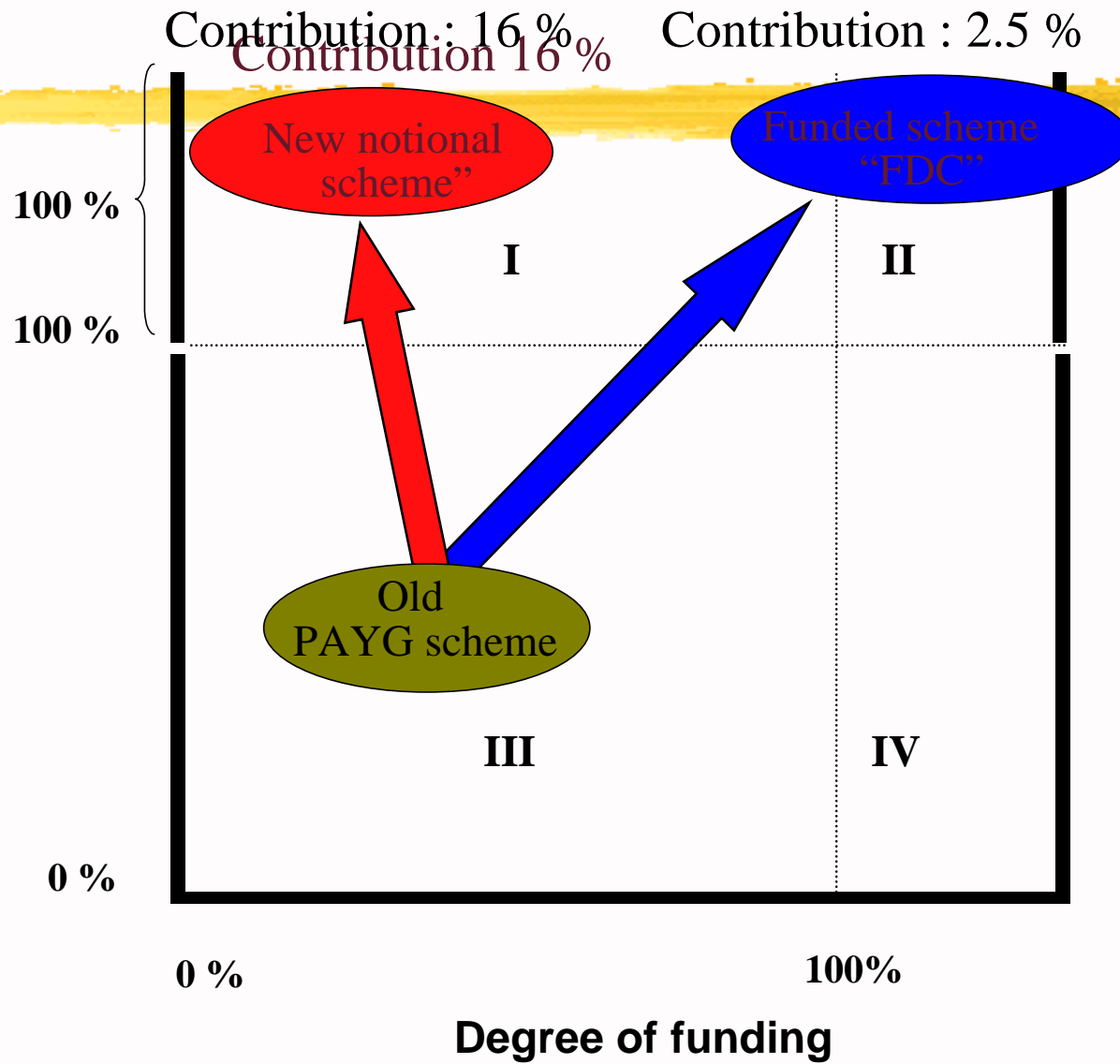
- A. All intra generational redistribution must be explicit and financed every year on the basis of a pre-determined contribution.
- B. Separation between retirement, survivals, et orphans benefits.
- C. Annual individual information** to insured people on the notional amount of retirement income they contributed for

## 3. Inter-generational equity

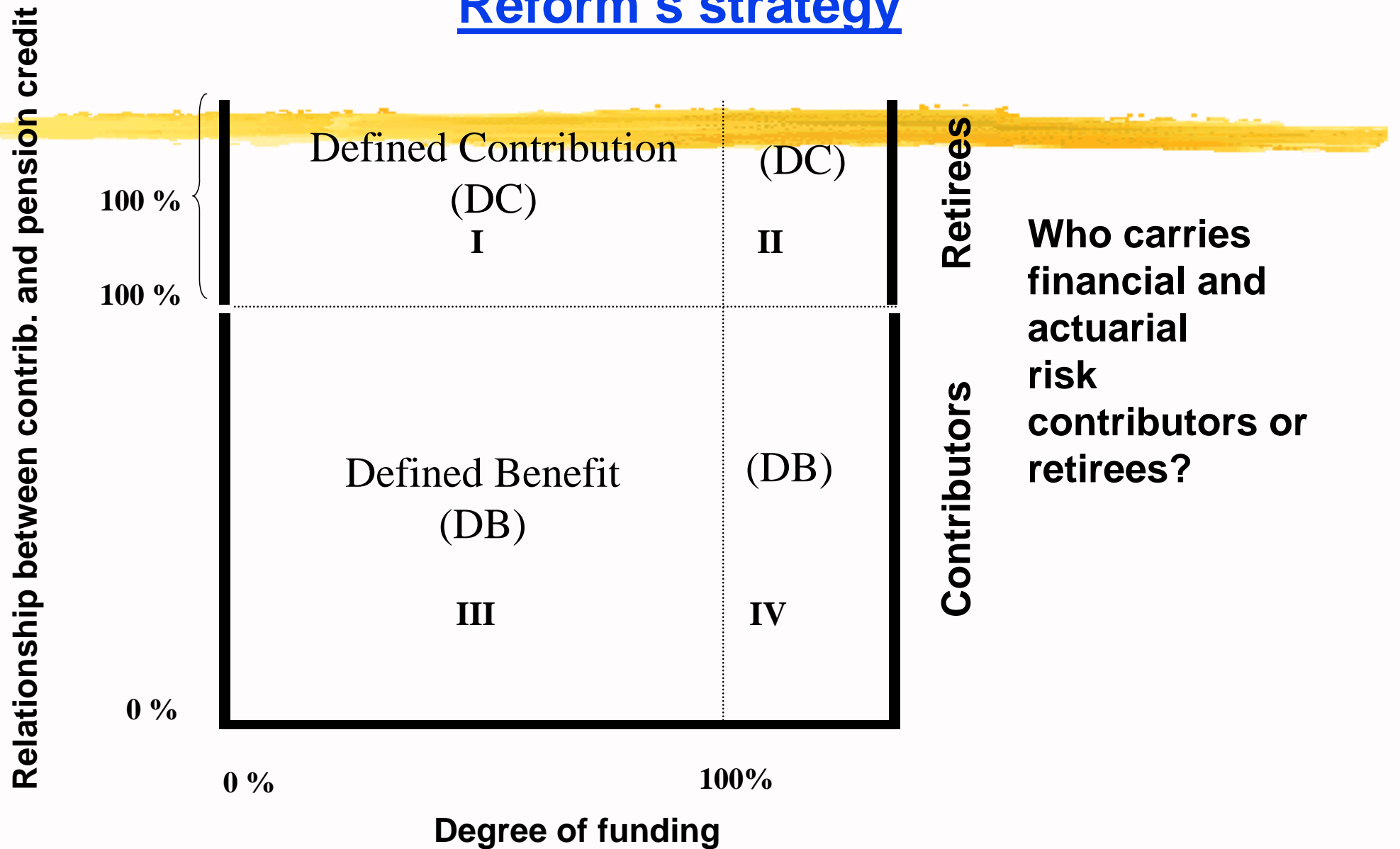
- A. Pay as you go scheme where you have your contribution bring back
- B. Contribution rates indexed on level of income (with restrictions)
- C. Collective reserve funds
- D. Automatic equilibrium system

# Reform's strategy

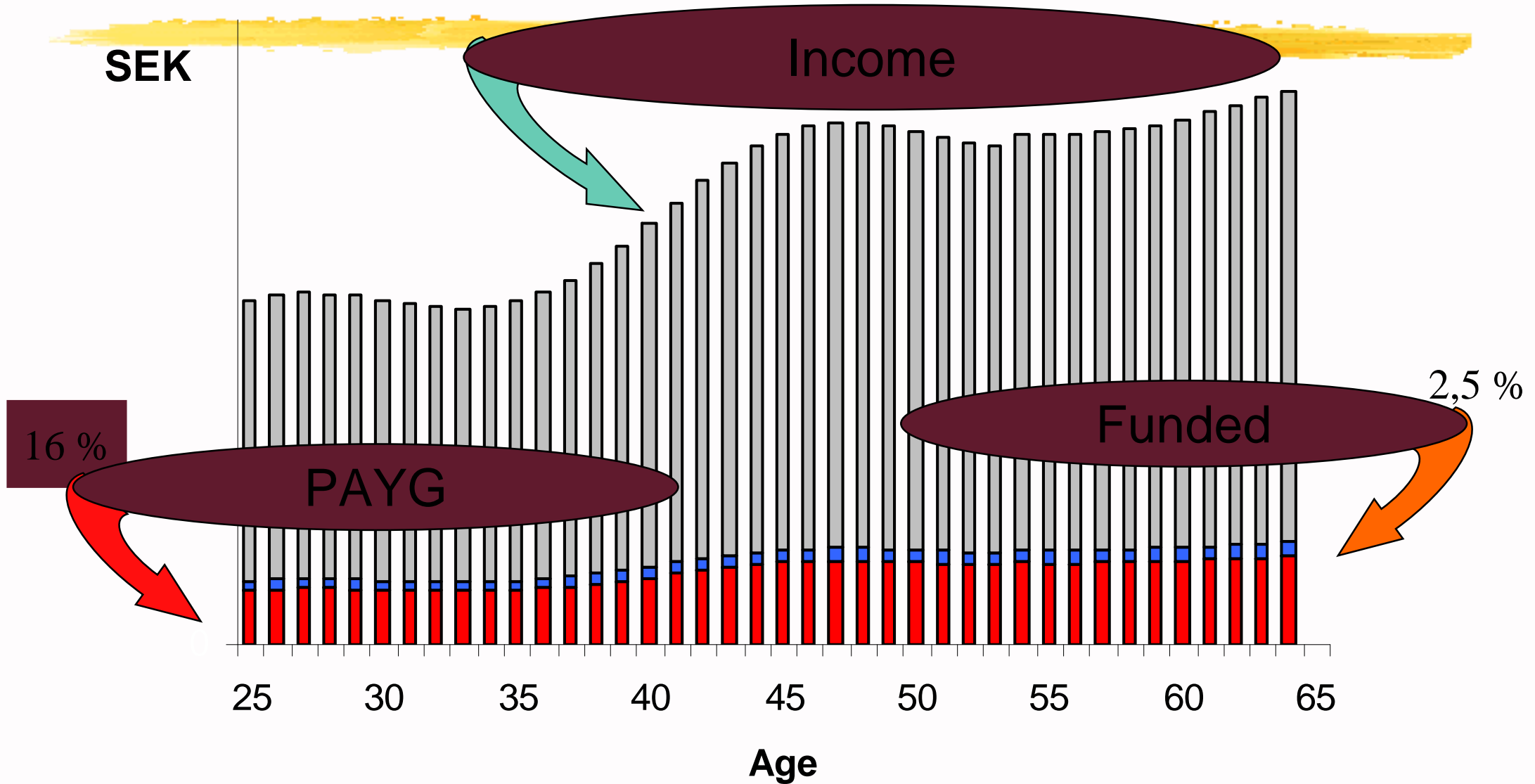
Relationship between contrib. and pension credit



# Reform's strategy



# Every contribution gives the same benefit



# Incomes taken into account

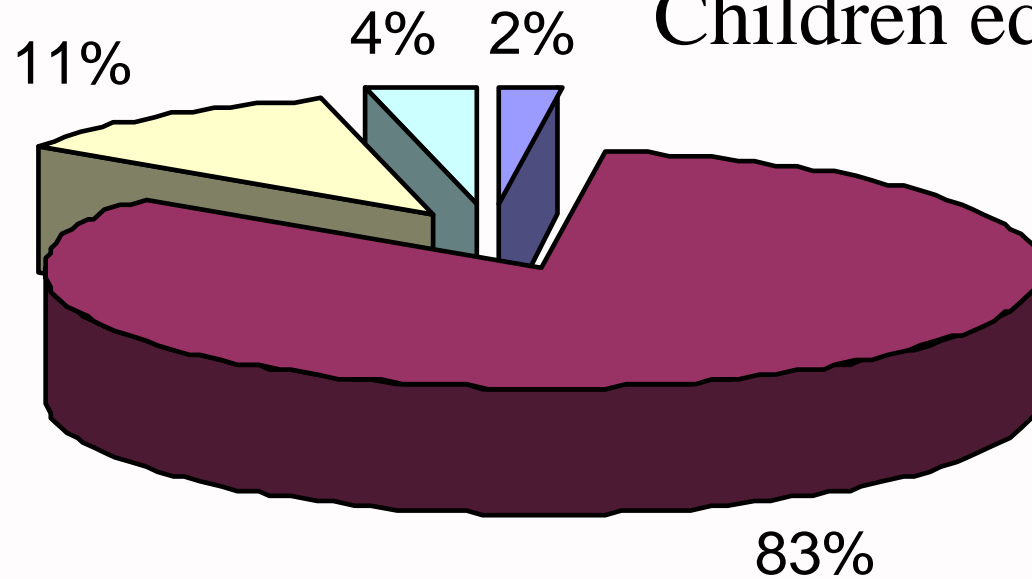
Illness

Unemployment

benefit

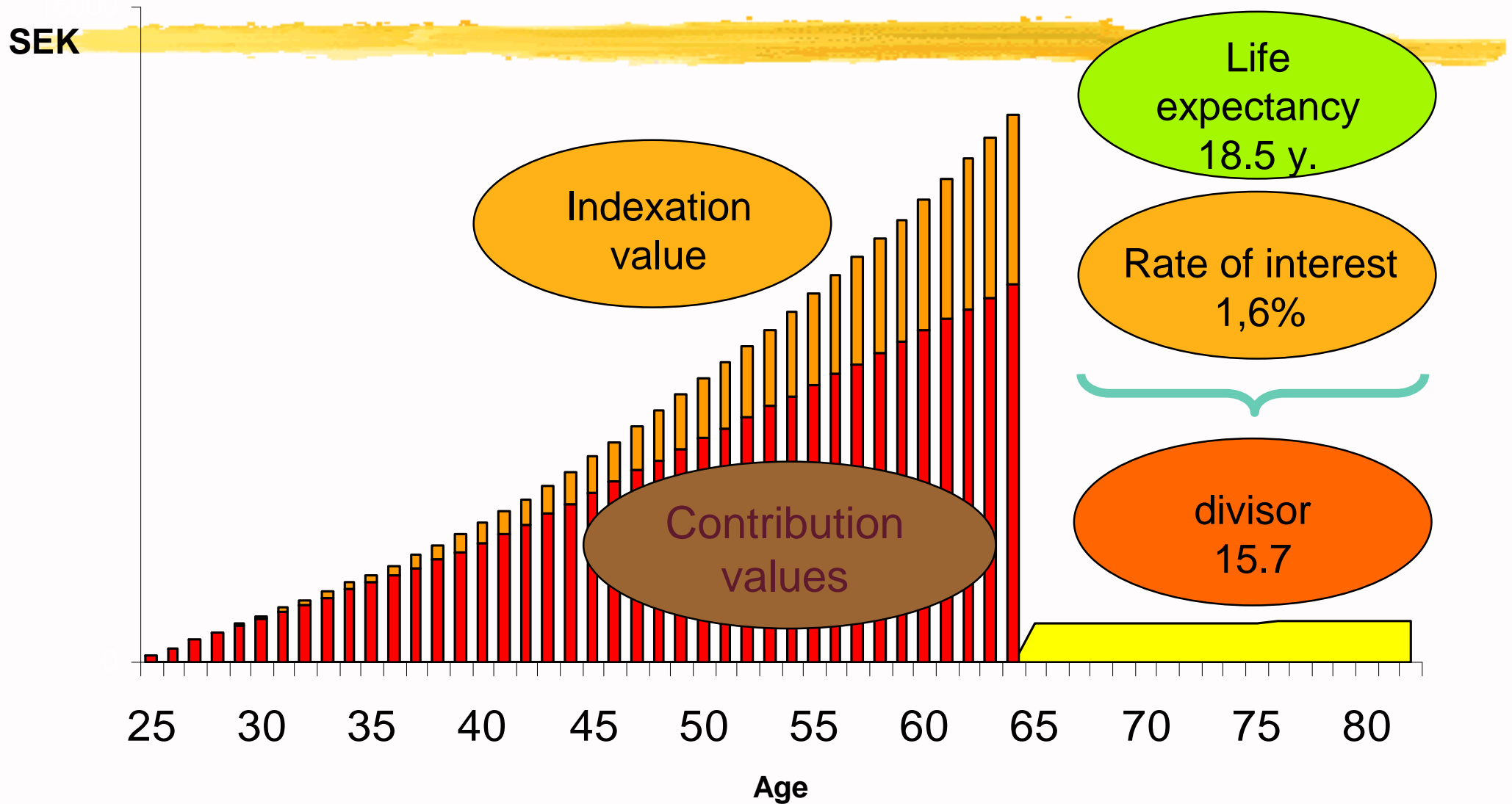
Invalidity

Children education

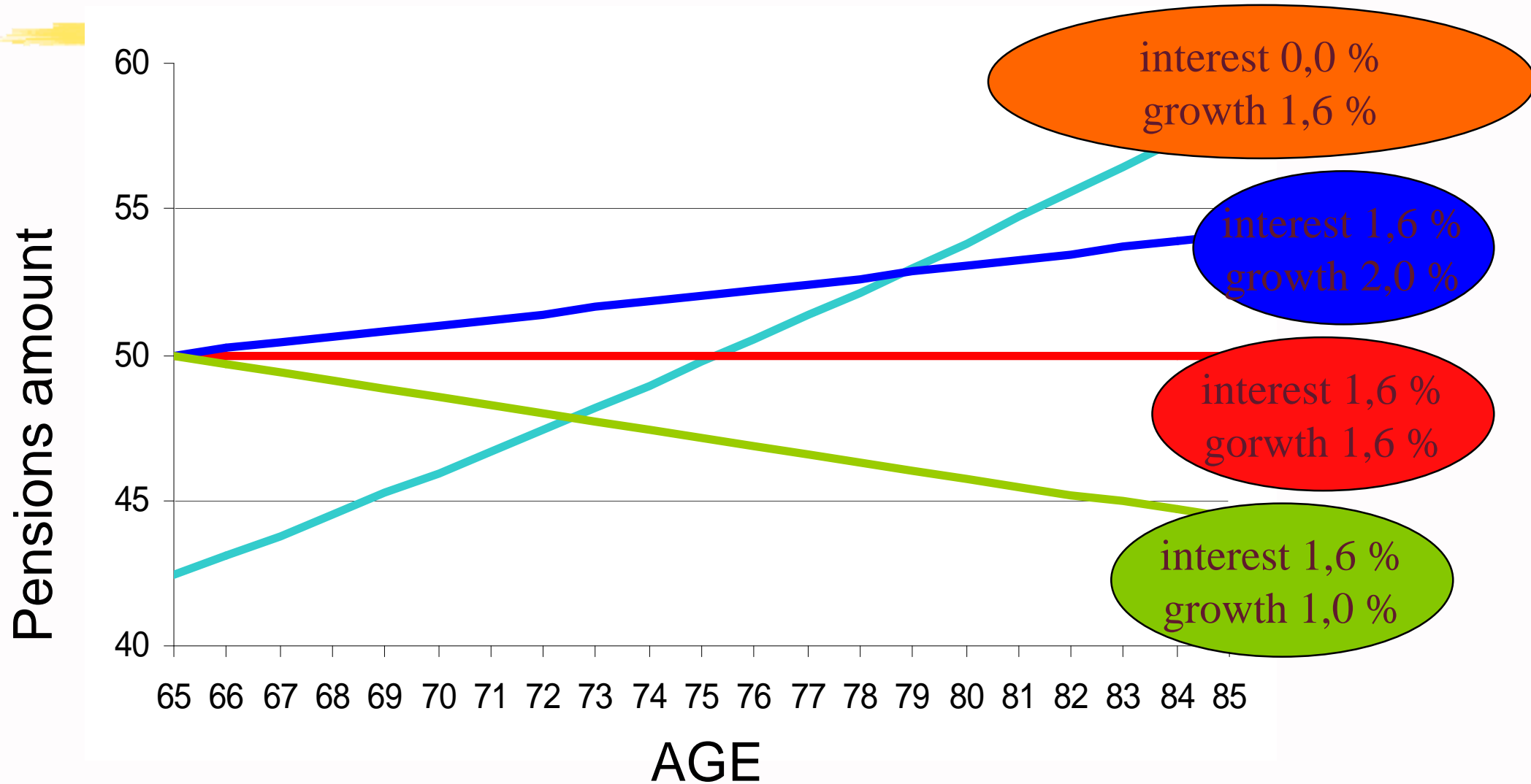


Salaries, work incomes

# National retirement account

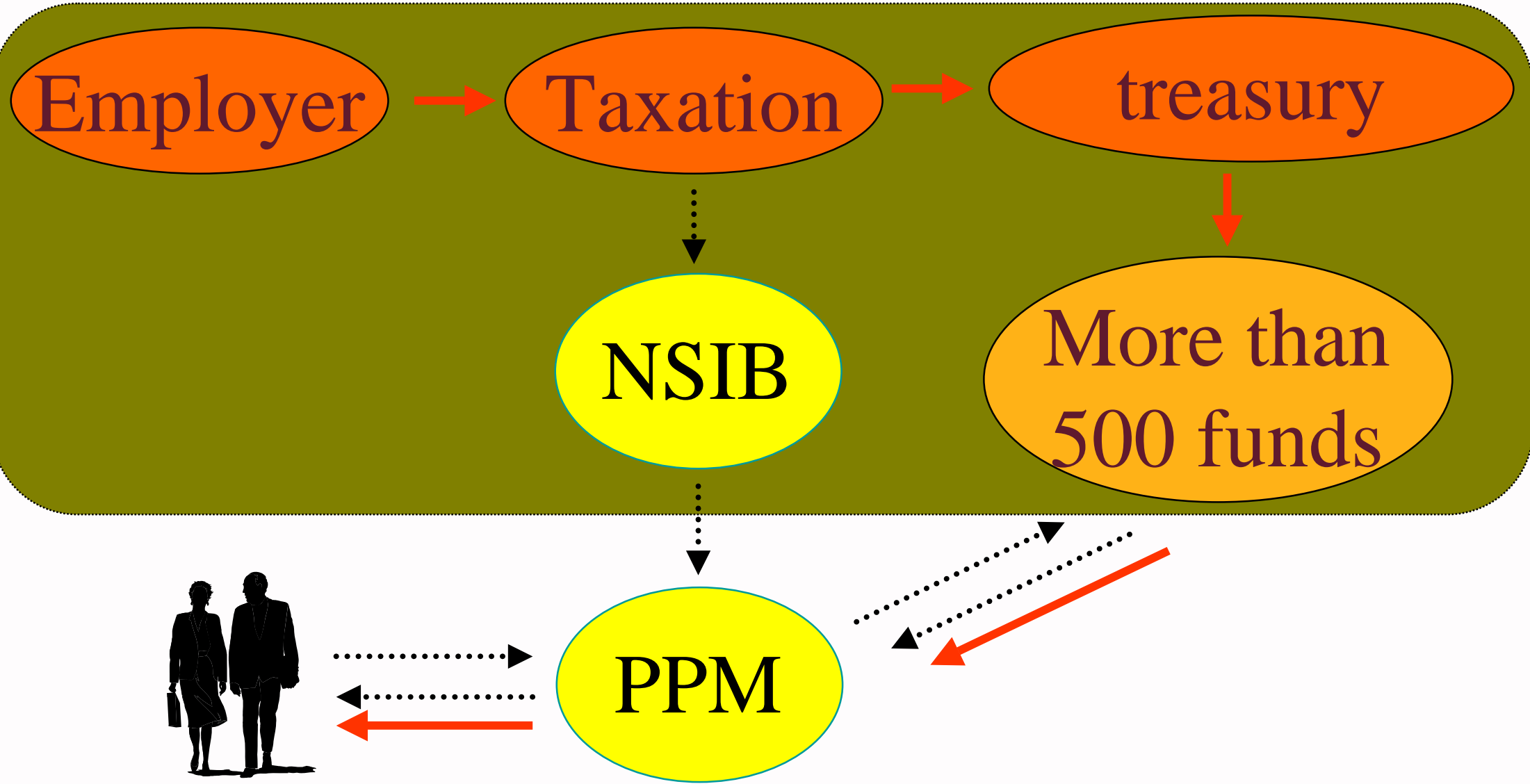


## Pension amount for a year



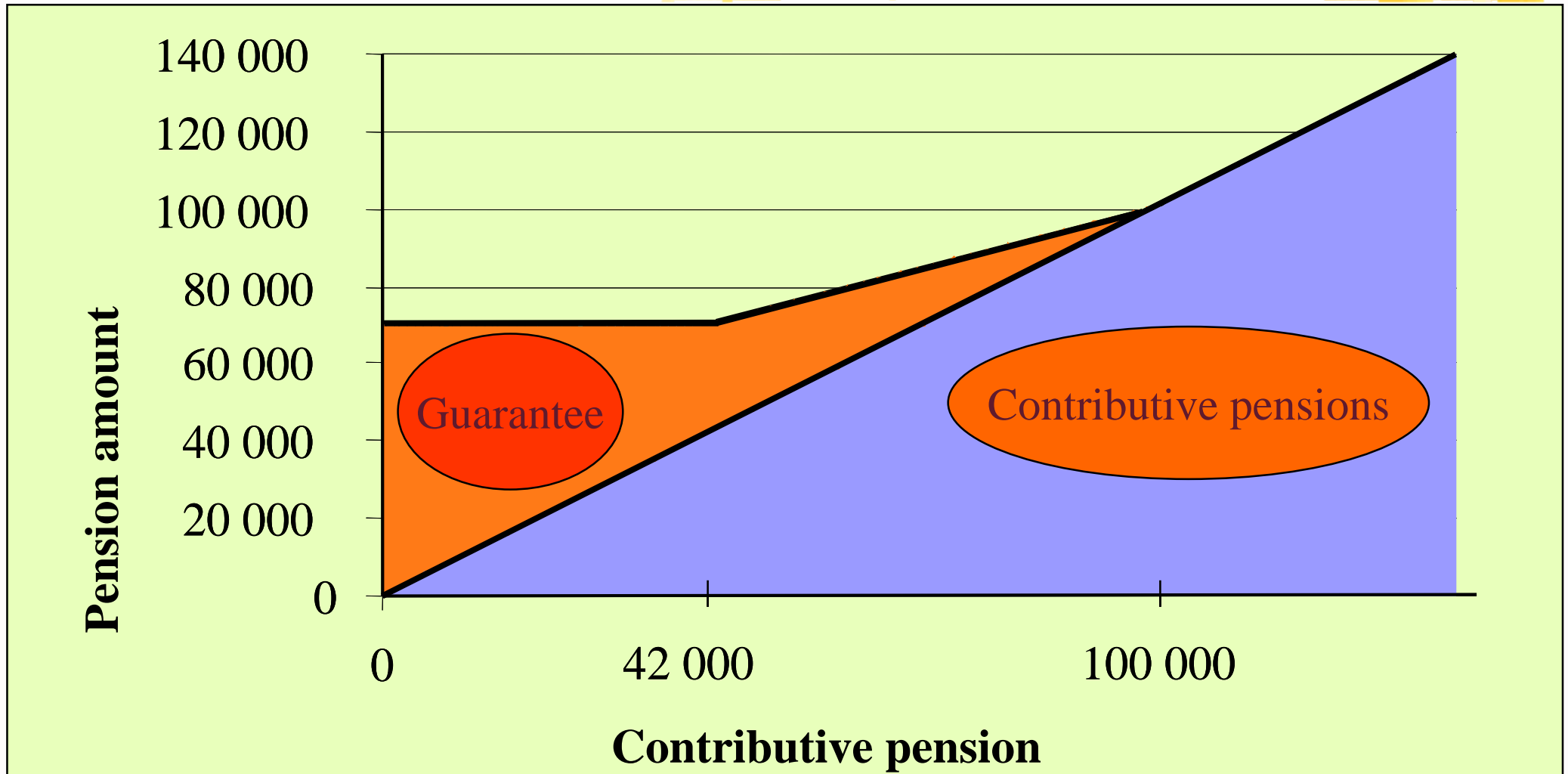
# Financial processes :

# Information & money





# Minimum guaranteed





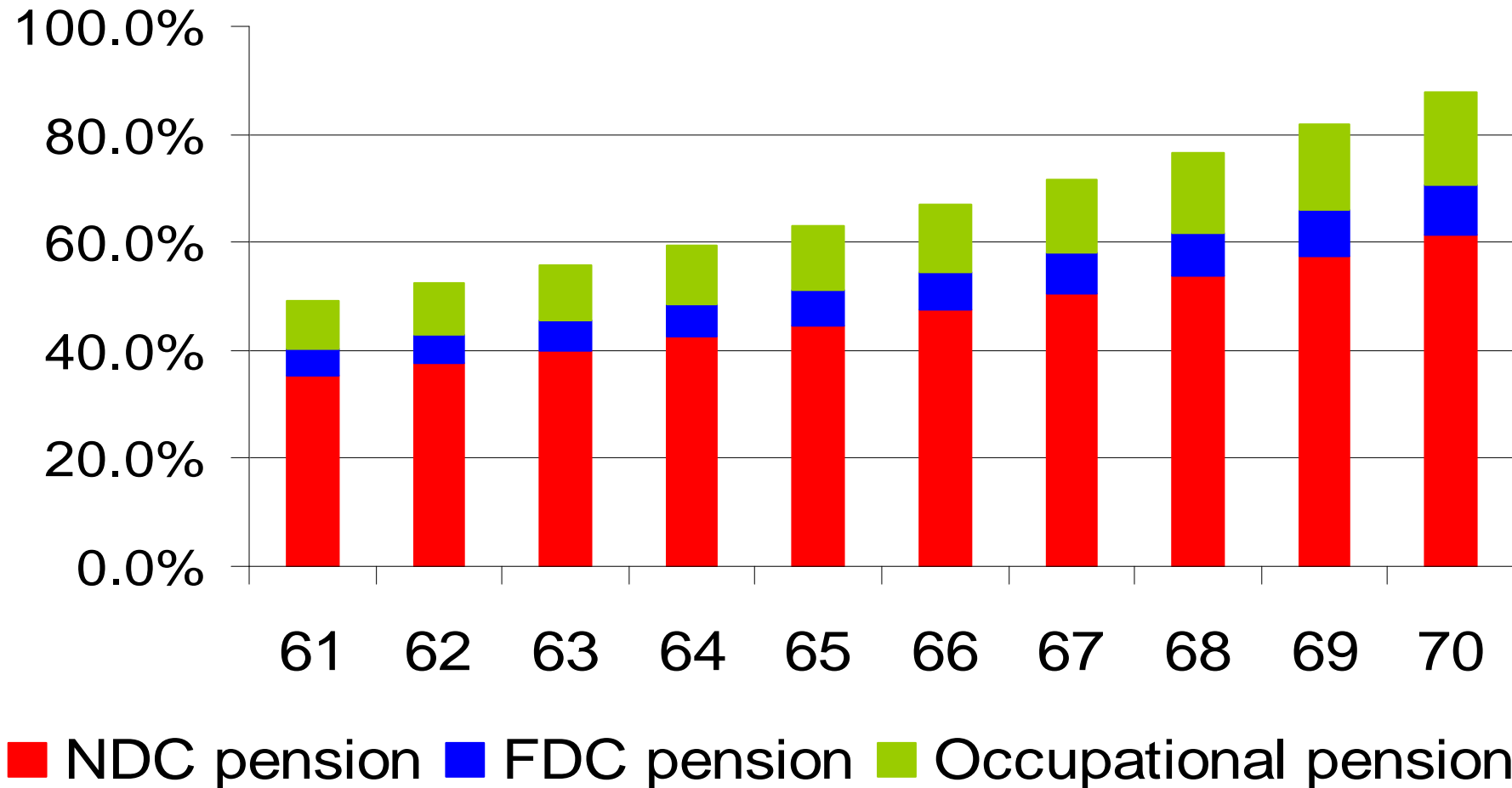
# Right of information

What is my  
Notional  
Capital  
This year ?

Förändringar i pensionsbehållningen för din inkomstpension under 2001	Belopp (kronor)
Ingående pensionsbehållning	XXX
Pensionsrätt för år 2000	+ XXX
Arvsvinst	+ XXX
Indexförändring	+ XXX
(Text XY24) Återlagd pensionsbehållning	+ XXX
(Text XY 23) Uttagen pensionsbehållning	- XXX
Avdrag för administrationskostnader	- XXX
<b>Utgående pensionsbehållning för 2001:</b>	<b>XXX</b>

# Replacement rate depending on departure age

Person born 1962 starts to work at age 21, turns 65 in year 2027, flat income profile, real income growth 2 %, real return on FDC and occupational pension 3,25 %



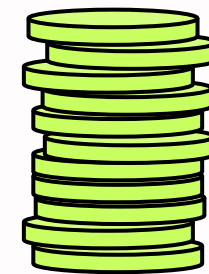
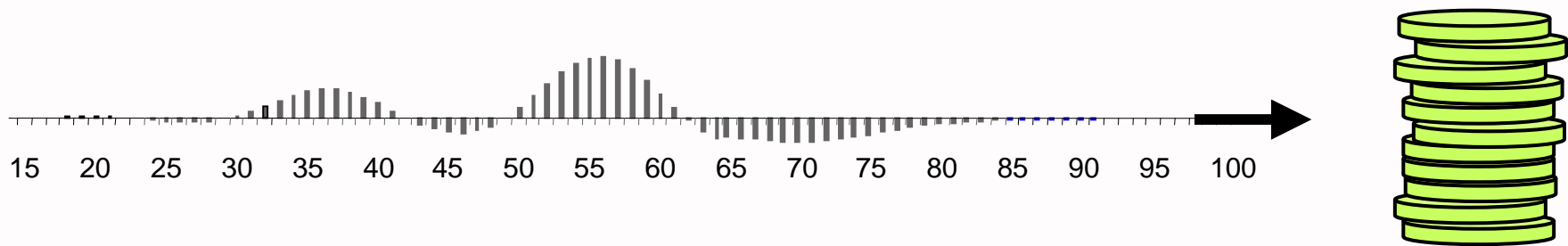
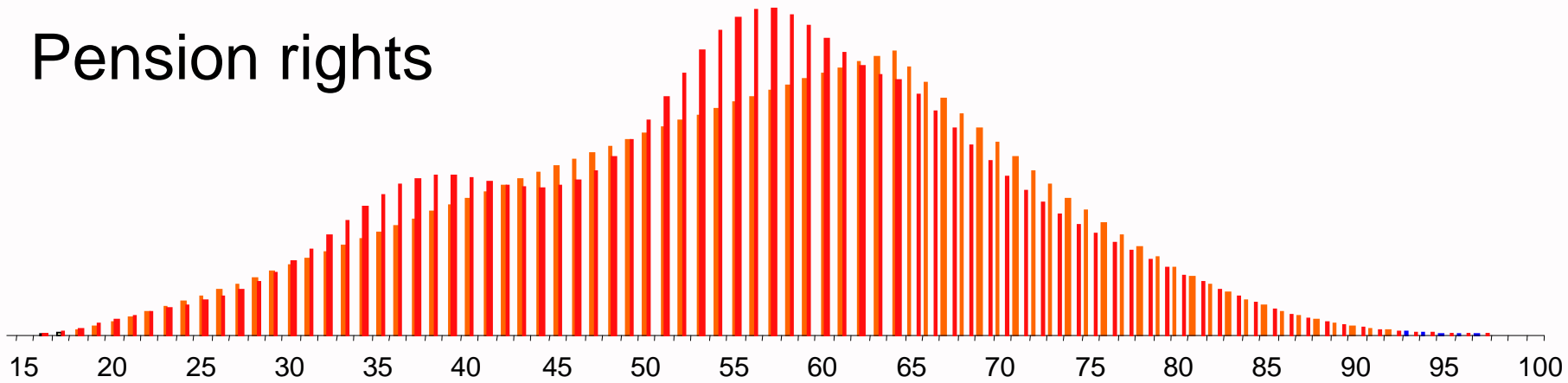
*Note that unisex remaining life expectancy at 65 is forecasted to be 20.5 years in year 2027. In year 2002 unisex remaining life expectancy at 65 is roughly 18.5. This forces the replacement rate to drop by ap. 10% relative to constant life expectancy*

# Life expectancy increases' effects

Cohort born	.. turns 65 year	Forecasted divisor (at 65)	Effect on pension, relative to cohort born 1940	Required delay of retirement age to offset effect of increase in divisor
1940	2005	15.6	-	-
1945	2010	16.0	-2%	+ 5 months
1950	2015	16.3	-4%	+ 9 months
1955	2020	16.6	-6%	+ 13 months
1960	2025	16.9	-8%	+ 16 months
1965	2030	17.2	-9%	+ 20 months
1970	2035	17.4	-10%	+ 23 months
1975	2040	17.6	-11%	+ 26 months
1980	2045	17.8	-12%	+ 28 months
1985	2050	18.0	-13%	+ 29 months
1990	2055	18.1	-14%	+ 30 months

# Cohorts variations and additional financing

Pension rights

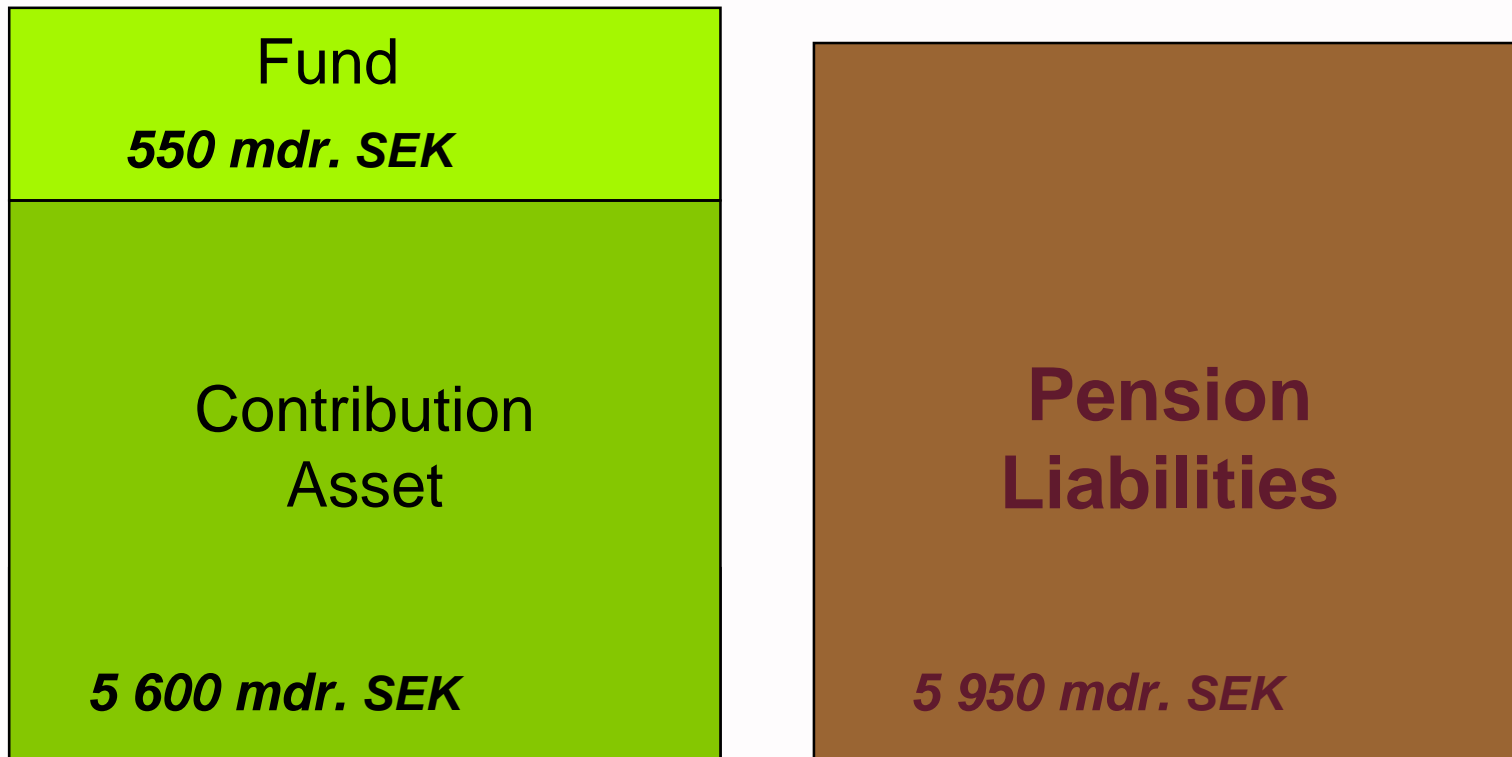


A buffer fund is necessary

# Equilibrium ratio

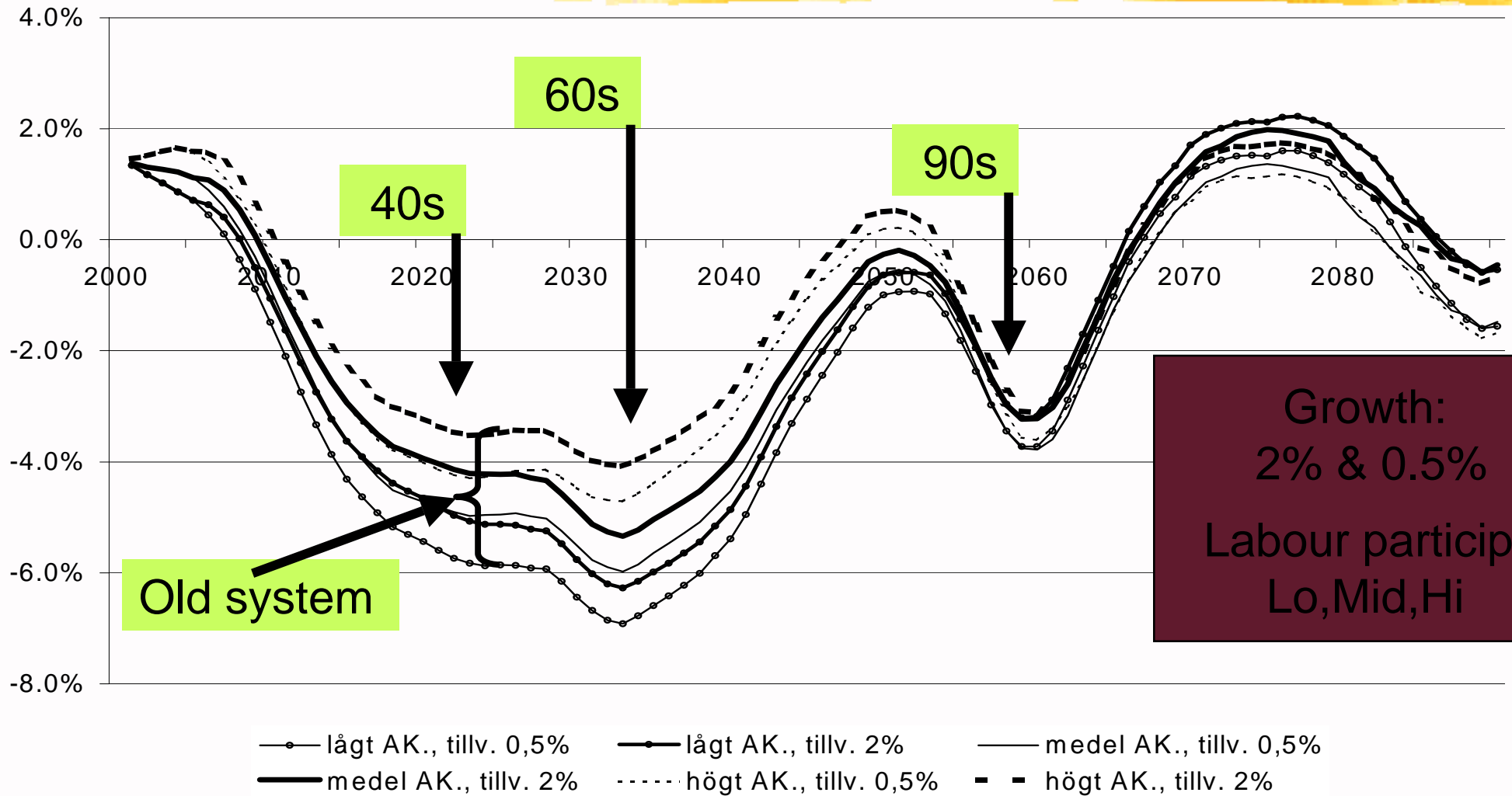
Ratio =  $\frac{\text{reserves} + \text{Contribution amounts}}{\text{Due benefits}}$

# Funds balance in 2005



ratio = 1.034

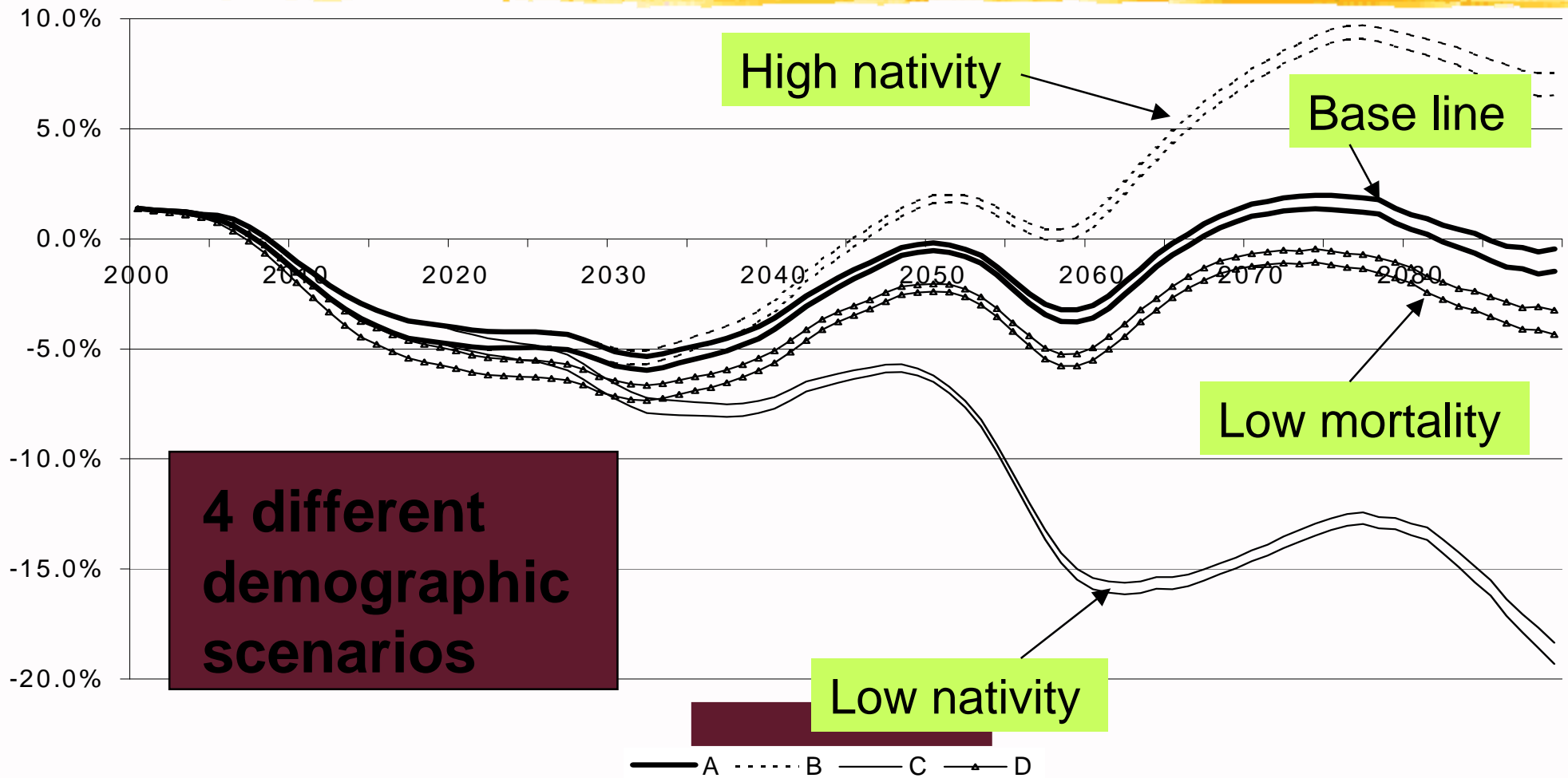
## Normalised net income rates Demography = Base line



Without automatic balancing



**Normalised net income rates**  
Labour participation = Mid, growth = (0.5% , 2.0 %)

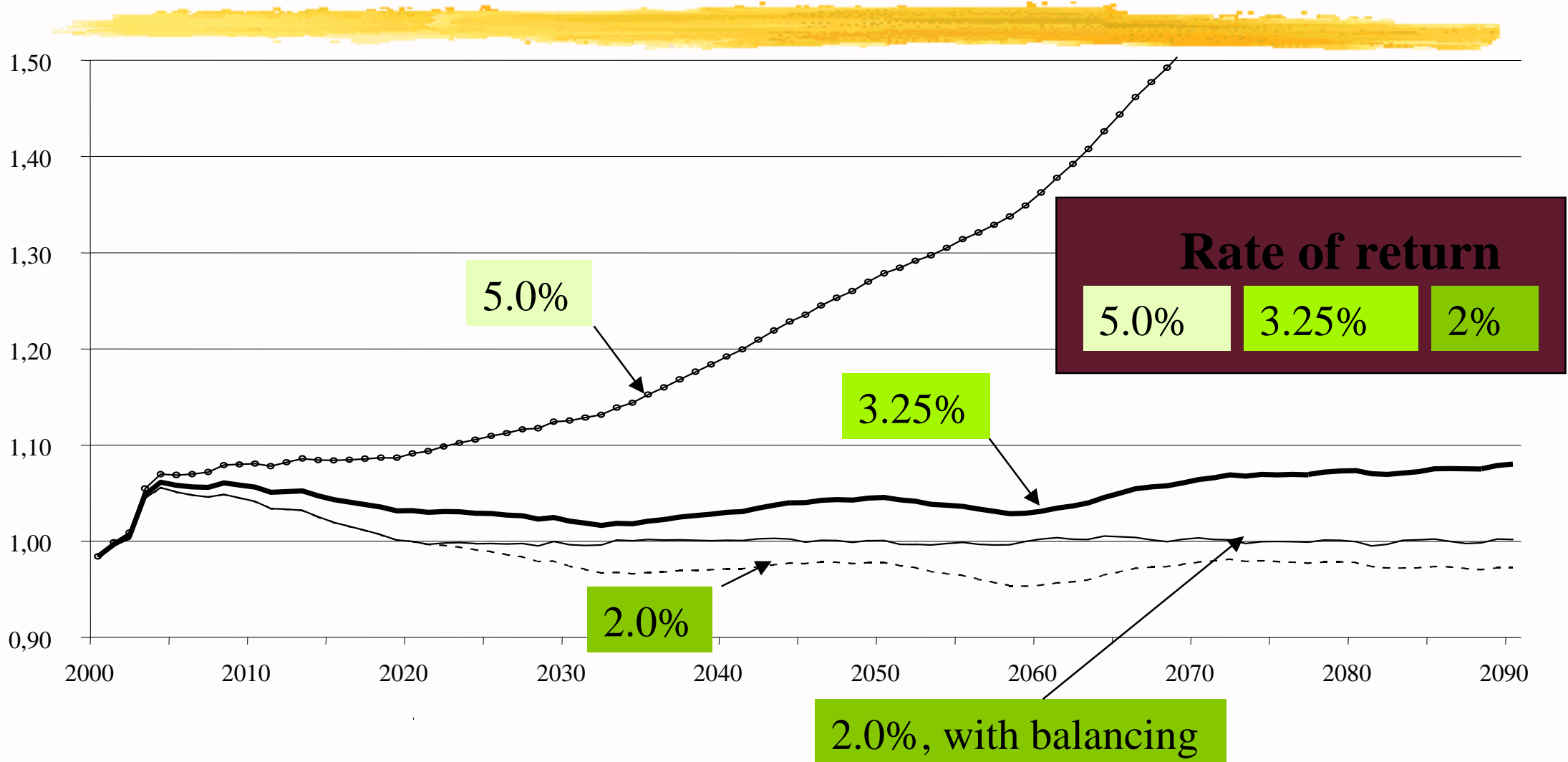


**4 different demographic scenarios**

— A    ..... B    — C    ▲ D

Without automatic balancing

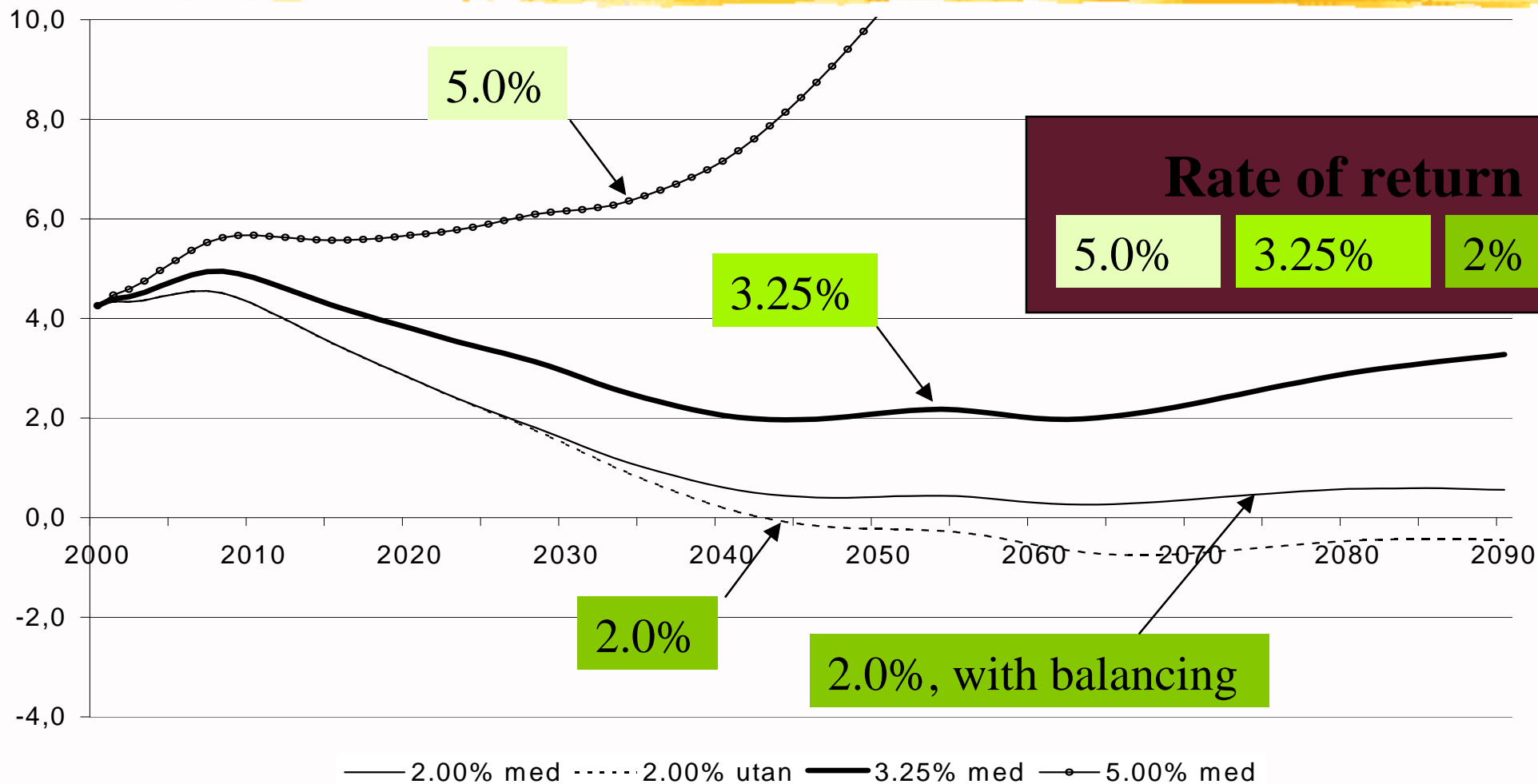
**Balance ratio,  
Demography = Baseline, growth = 2%**



# Buffer Fund Ratio

Demography = Baseline, growth = 2%

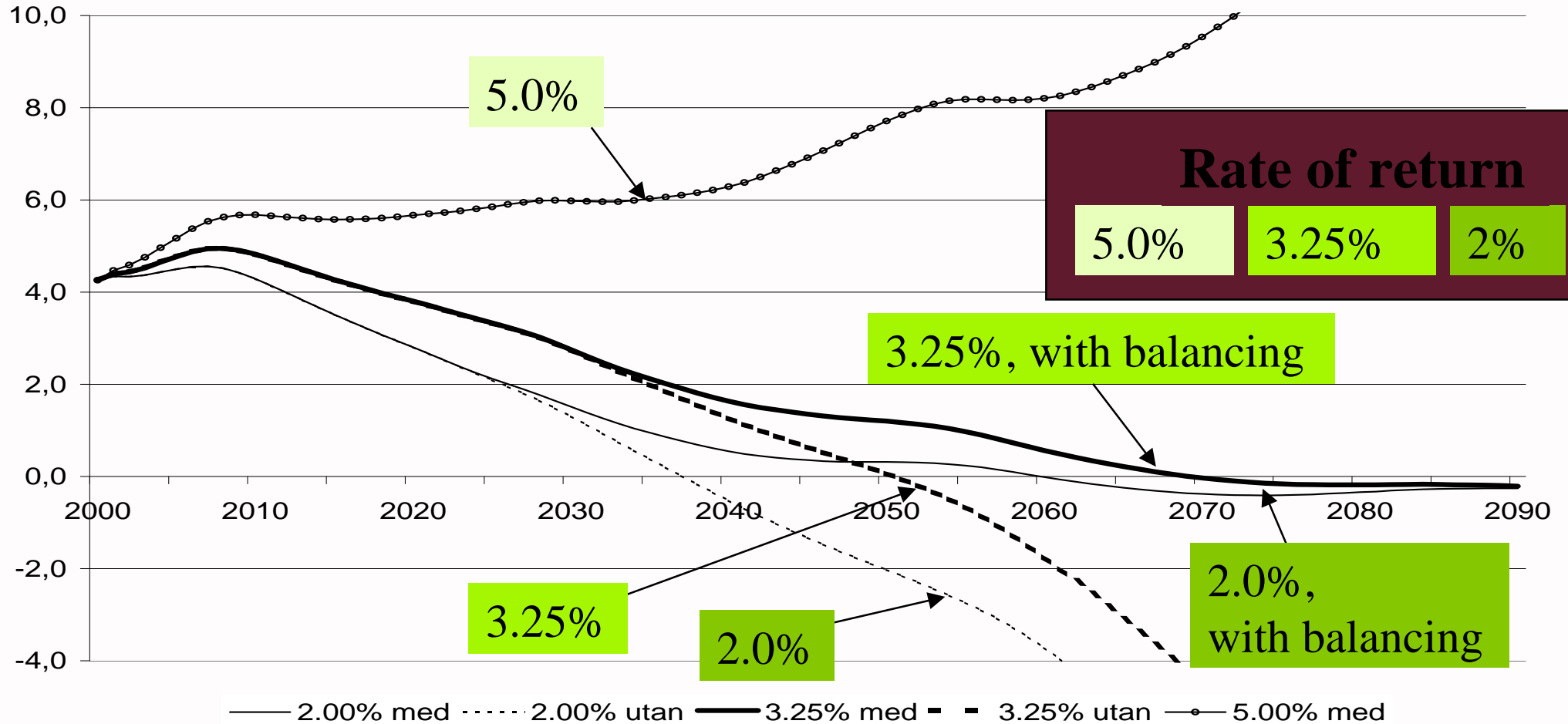
Buffer Fund Ratio [years]



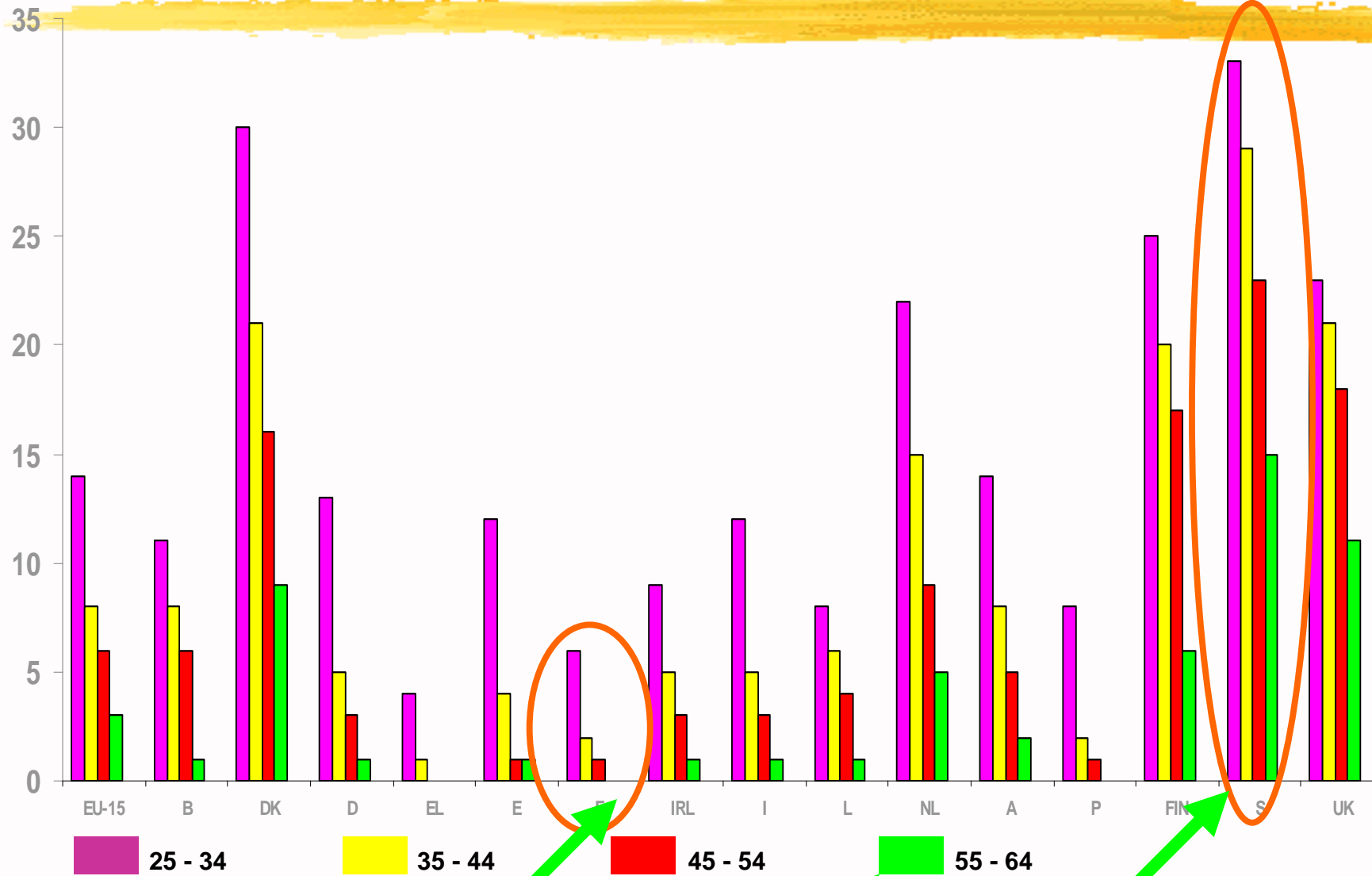
# Buffer Fund Ratio

Nativity = Low, growth = 2 %

Buffer Fund Ratio [years]



# Comparative approach on investments on formation



Eurostat 1999

ON DIT LA SUÈDE... LA SUÈDE...  
MAIS MOI LA RETRAITE S'ATTENDS  
TOUJOURS !





מְרוּטָוּת הַזָּקֵן הַיְהוּדִי  
RETIREMENT  
التقاعد  
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EMERYTURA

**1. 6 organisations, 6 ways of thinking retirement**

退休  
RETRAITE  
RETRAITE  
JUBILACIÓN

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REKENAARS  
RETIREMENT

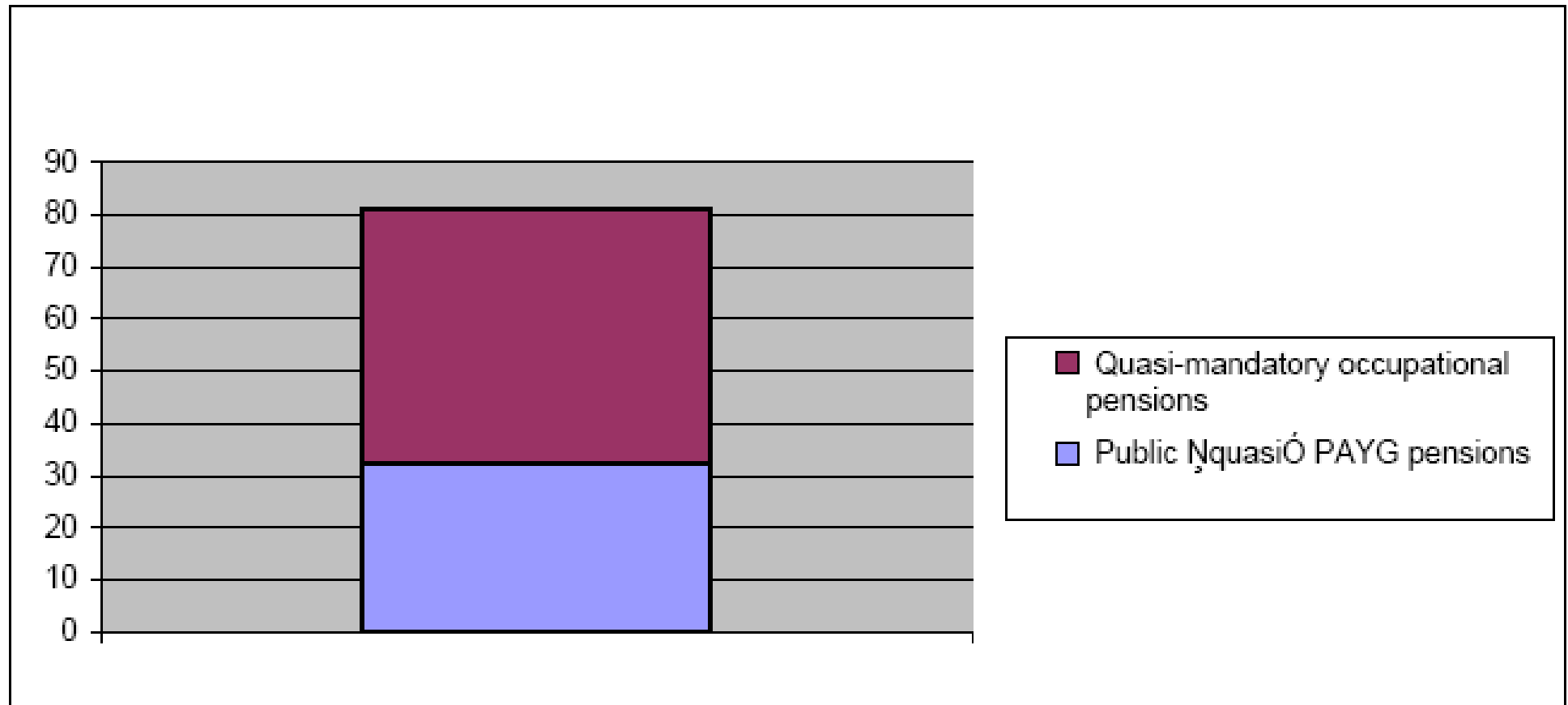
RETRAITE  
APOSENTADORIA  
ПЕНСИЯ  
PENSIONE  
सेवानिवृत्ति

**3) The Netherlands**

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# Estimated retirement rates following a “typical” complete career

Graph 7. Potential average pension benefit in the Netherlands (as a percentage of final earnings)



Source: OCDE (2008).



## Dutch pension funds, per category

	Plans		Members	
	Abso	%	Abso	%
Company pension funds	799	89.4	794,000	15.9
Compulsory industry pension funds	72	6.9	4,280,000	77.3
Non compulsory industry pension funds	20	1.8	300,000	5.9
Occupational pension funds	11	1.2	40,000	0.8
Company saving funds	6	0.6	92	0
Pension funds provided by law	1	0.1	3,500	0.1
<b>Total</b>	<b>947</b>	<b>100</b>	<b>5,413,217</b>	<b>100</b>

Source: Insurance Chamber, pension monitor (2002).

# Dutch retirees income



Public pensions	Occupational pensions	Asset income	Other income
49	36	9	6

Source: Olieman, Robert (2006).



**1. 6 organisations, 6 ways of thinking retirement**

**4) The World Bank**

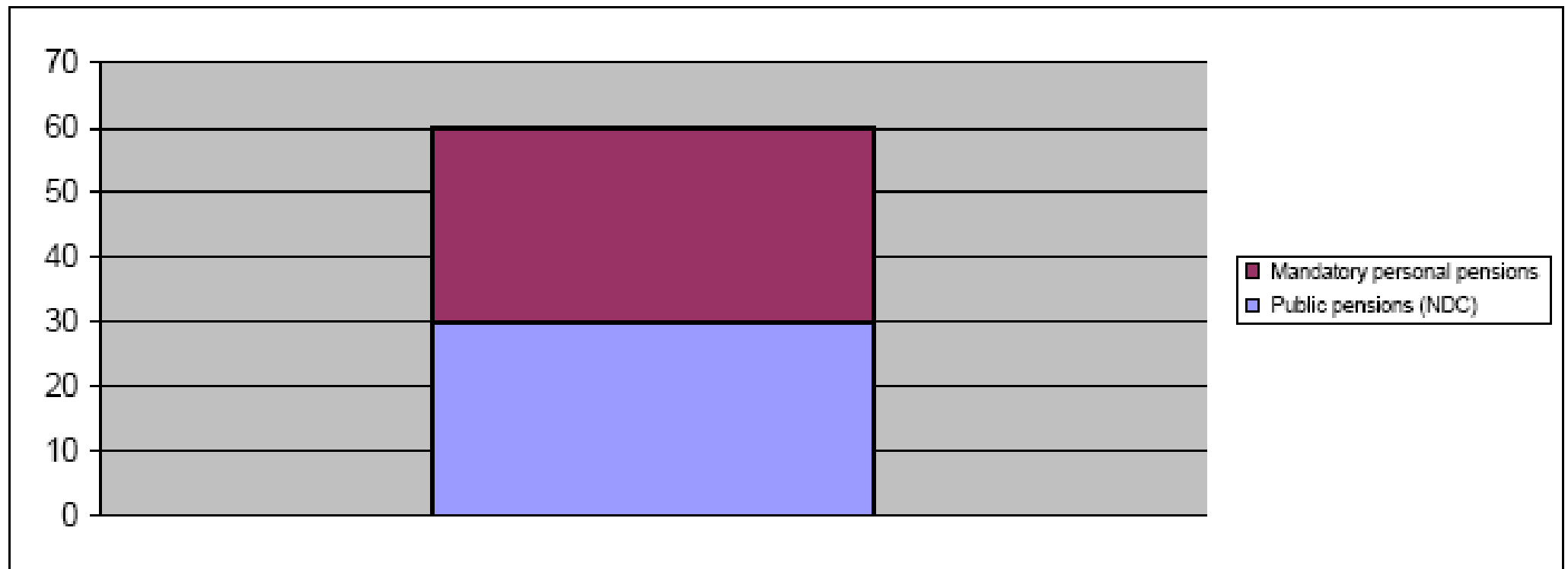
**Model : Hungary and Poland**

DEPUIS

**40 ans**

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# Estimated retirement rates following a “typical” complete career in Poland



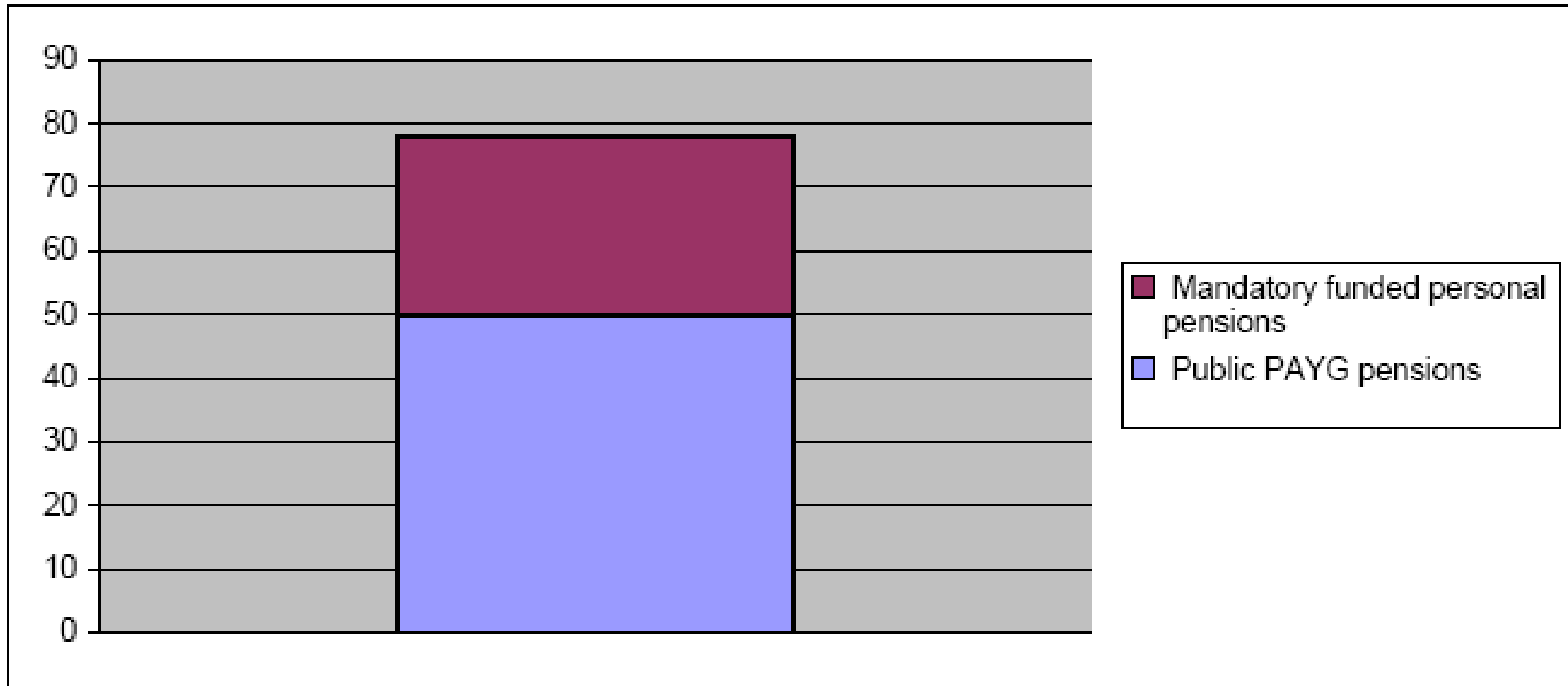
Source: OCDE (2009).

## Profit and losses of polish pension funds in Poland

	<i>In thousand PLN</i>
Total revenues	726,614
Cost of operational activities, including:	1,646,007
Sales	811,375
Transfer agent of registry of individual accounts	213,093
Advertising	68,041
Fees for supervision	942
Reserve Fund	103,951
Guarantee Fund	7,135
Custodian Fees	1,229
Taxes and other payments	31,946
Amortisation	38,558
Other Costs	369,735
Profit/loss from sales	919,392
Profit/loss on operational activity	915,815
Net profit/loss	847,883

Source: Chlon *in* Fultz (2002, p. 190).

# Estimated retirement rates following a “typical” complete career in Hungary



Source: OCDE (2008).

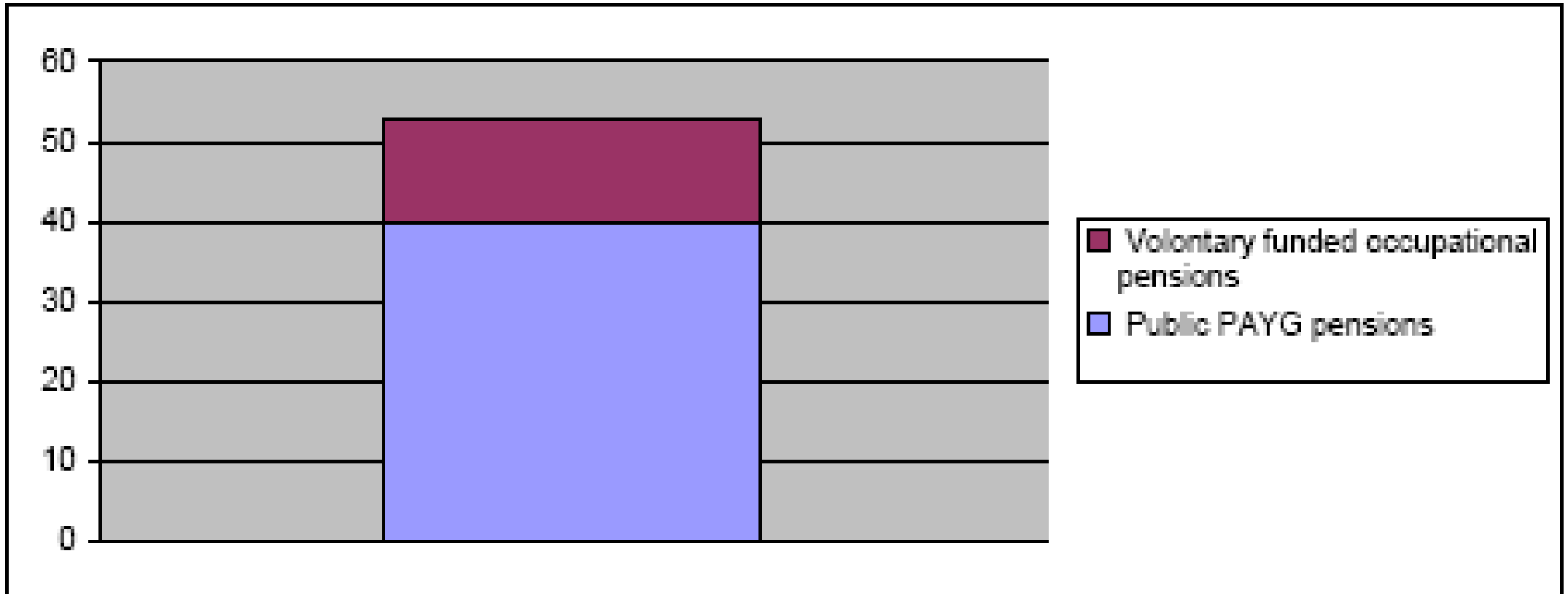


**1. 6 organisations, 6 ways of thinking retirement**

**5) Germany**

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# Estimated retirement rates following a “typical” complete career in Poland



Source: OCDE (2009).



## German retirees income's components before Riester reform

	Public pensions	Assets Income	Private Transfers	Earnings
Single	82%	9%	5%	4%
Married	70%	12%	6%	12%
<b>Public pensions</b>	<b>All</b>	<b>Lowest quintile</b>	<b>Median</b>	<b>Highest quintile</b>
Single	82%	93%	87%	71%
Married	70%	90%	85%	49%
<b>Asset Income</b>	<b>All</b>	<b>Lowest quintile</b>	<b>Median</b>	<b>Highest quintile</b>
Single	9%	2%	5%	15%
Married	12%	6%	8%	18%

Source: OECD data on Family Resources in Retirement (1997), Börsch-Supan and Reil-Held (1998).

# “do you believe that the public retirement system will maintain your level of life ?”



	All	Gender		Age			Education			
		Male	Female	18-29	30-39	40-50	<i>Volks</i>	<i>Lehre</i>	<i>MittR</i>	<i>Abitur</i>
“Yes”	15%	17%	13%	14%	11%	20%	23%	17%	11%	14%
“No”	78%	75%	80%	78%	80%	74%	66%	74%	84%	78%
Don't know	7%	8%	7%	8%	8%	6%	11%	11%	5%	8%
Sample	2,195	1,075	1,119	745	747	702	152	152	788	485

Source: Emnid (1997).

# Fiscal expenditure in favor of private supplementary funds in Germany



Tax year	Total savings/ gross labour income (%)	Basic subsidy per spouse (€ annual)	Child benefit per child (€ annual)	Maximum tax exemption (€ annual)
2002 and 2003	1	38	46	525
2004 and 2005	2	76	92	1,050
2006 and 2007	3	114	138	1,575
From 2008	4	154	185	2,100

Source: German Income Tax Law.



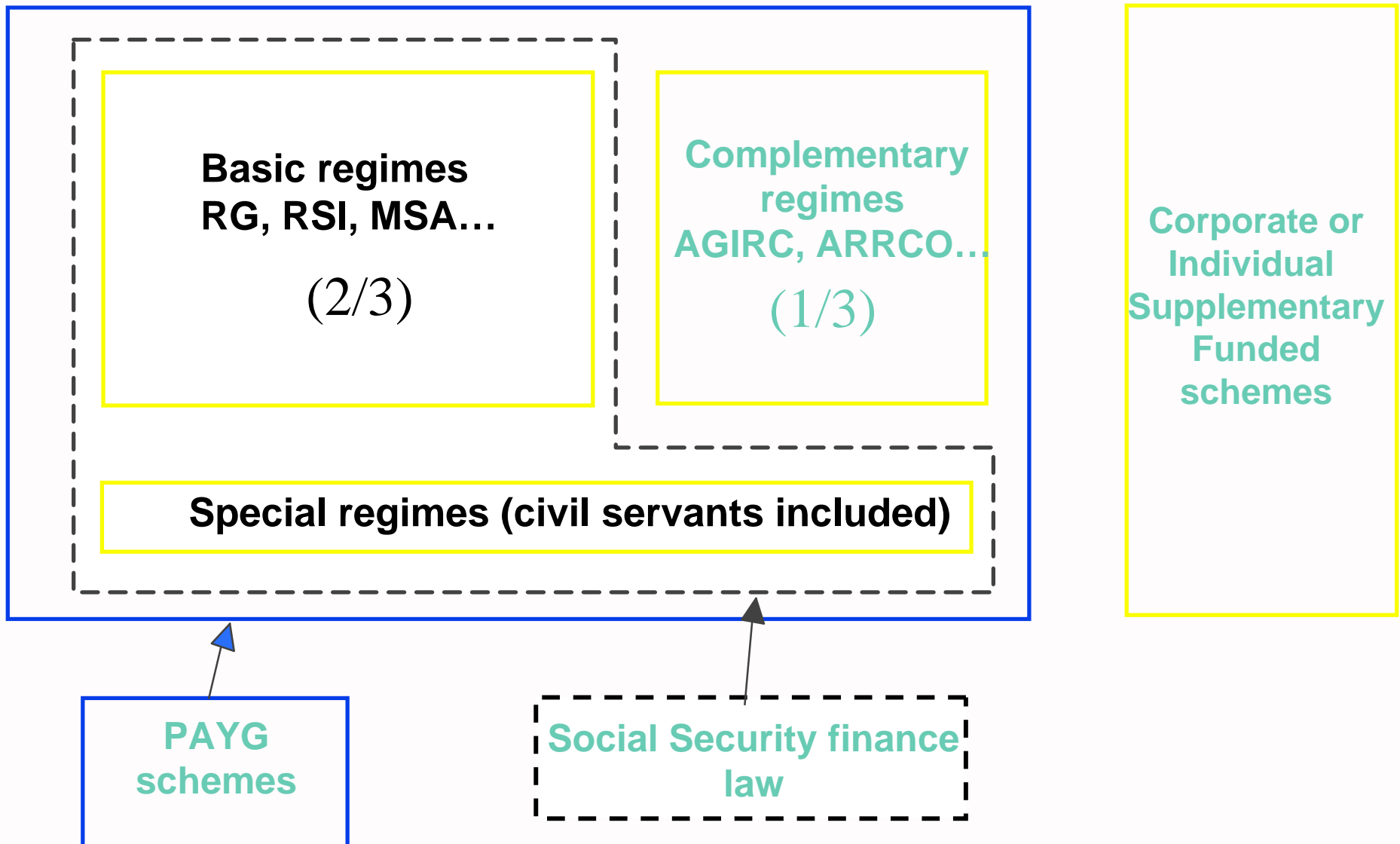
**1. 6 organisations, 6 ways of thinking retirement**

**6) France**

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# French retirement schemes organisation

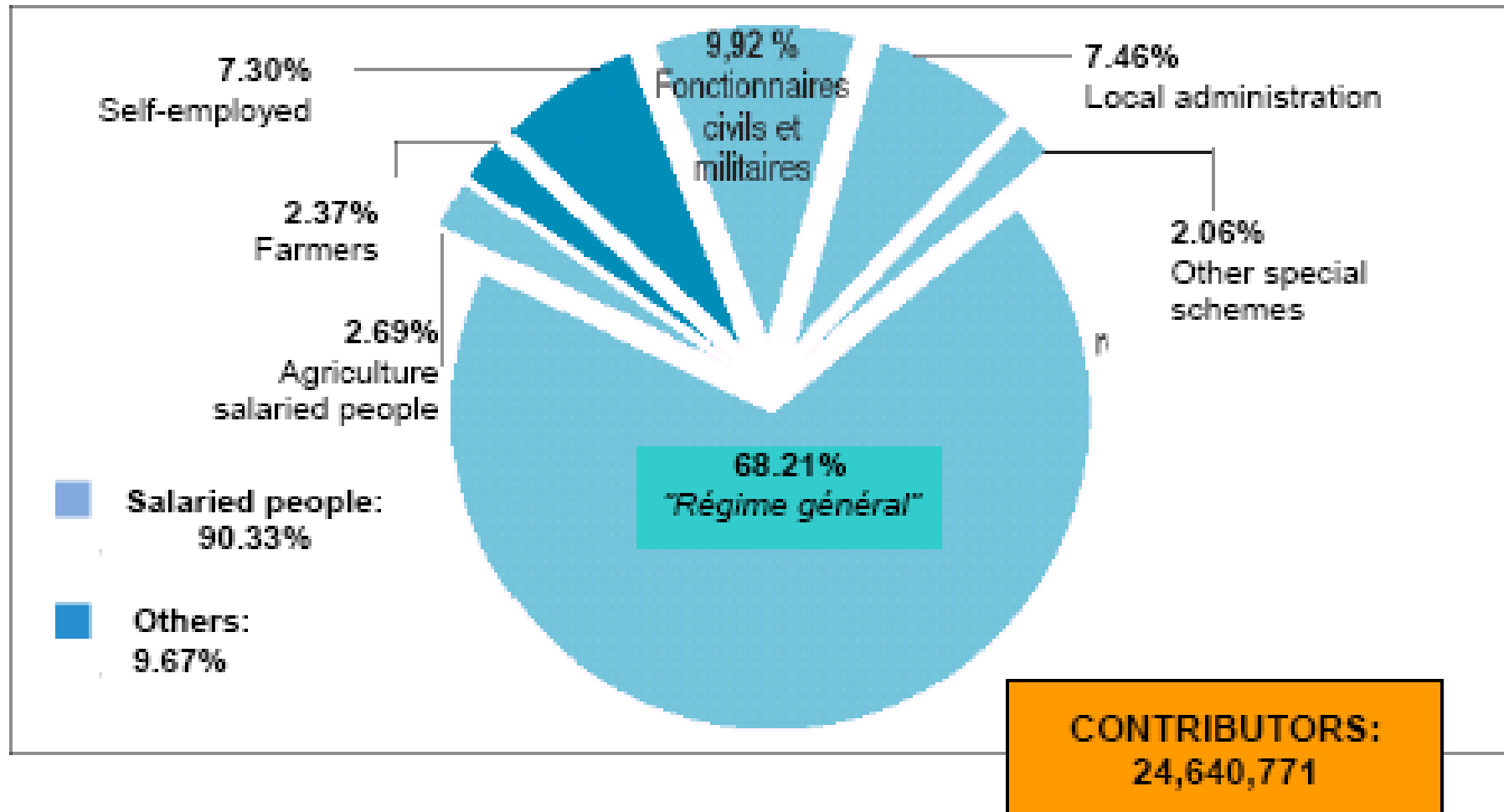




# Salaried people regimes

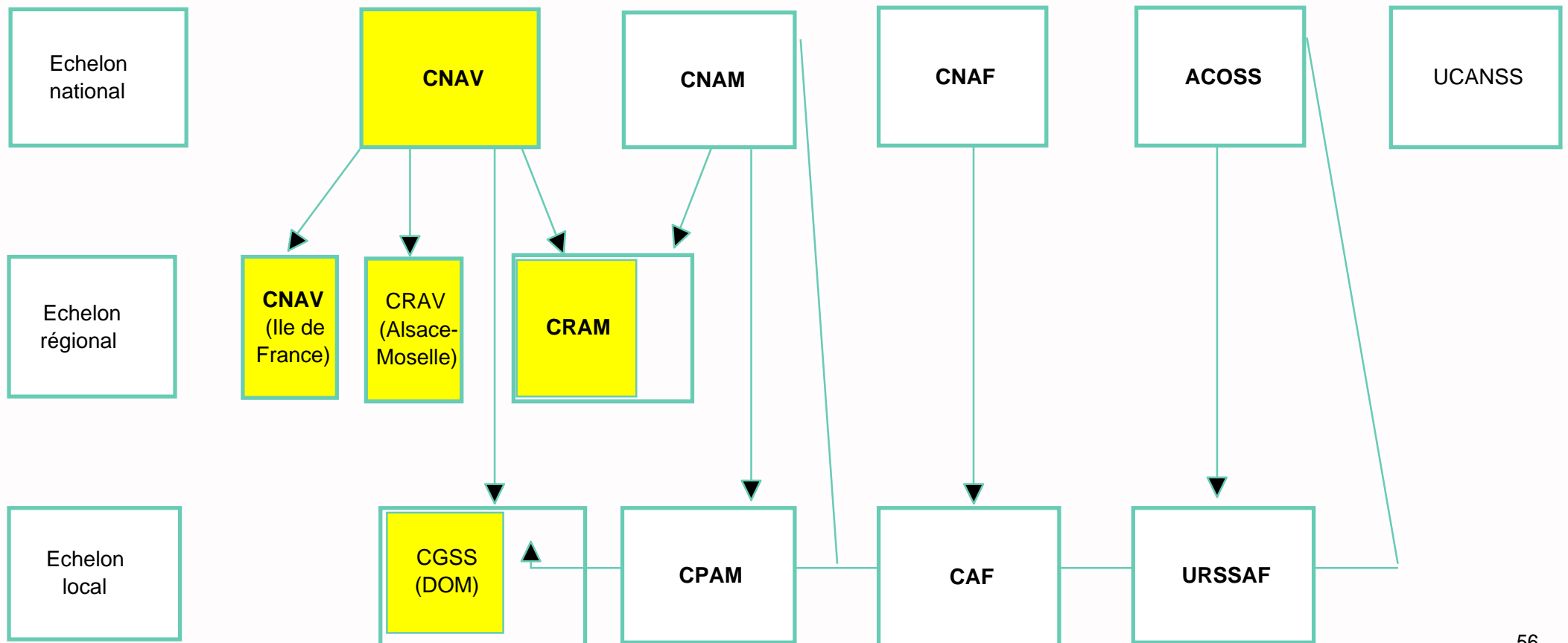
Catégory	Basic regimes	Complementary regimes
Workers and employees in agriculture	MSA	ARRCO
Workers, employees executives in industry, trade, services	Régime général	AGIRC
State agent without public status	CNAV	IRCANTEC
Special enterprises salaried people	Banque de France, Retraite des mines, CNIEG, CRPCEN, Opéra de Paris	
Civil servant	Régime agents de l'Etat	Retraite additionnelle fonction publique
Local civil servant	CNRACL	RAFP
State workers	FSPOEIE	

# Repartition of contributors



# General regime retirement branch

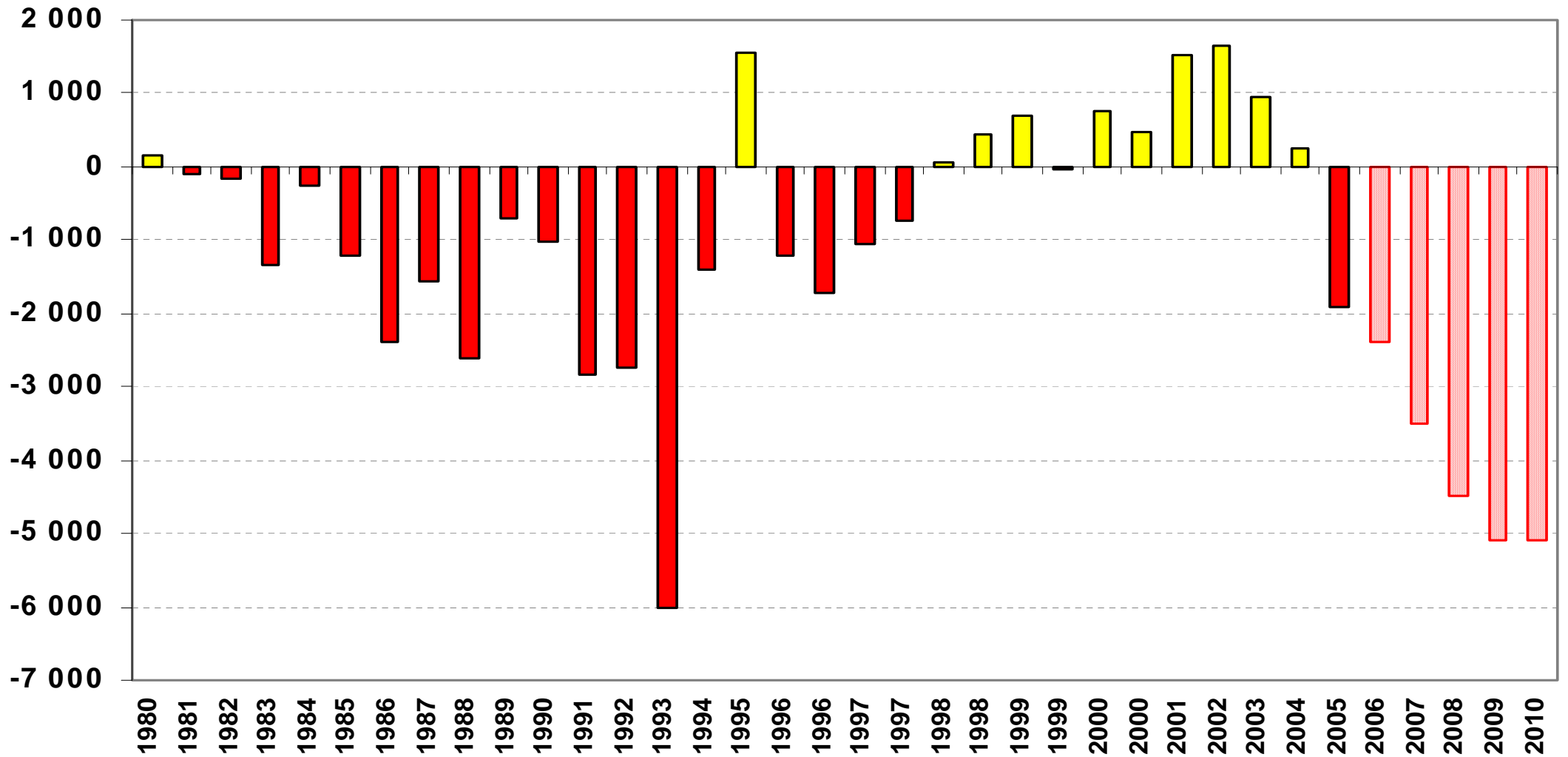
Ministère du travail, des relations sociales, de la famille et de la ville  
Ministère du budget, des comptes publics et de la fonction publique







# The recurrent disequilibrium of retirement branch

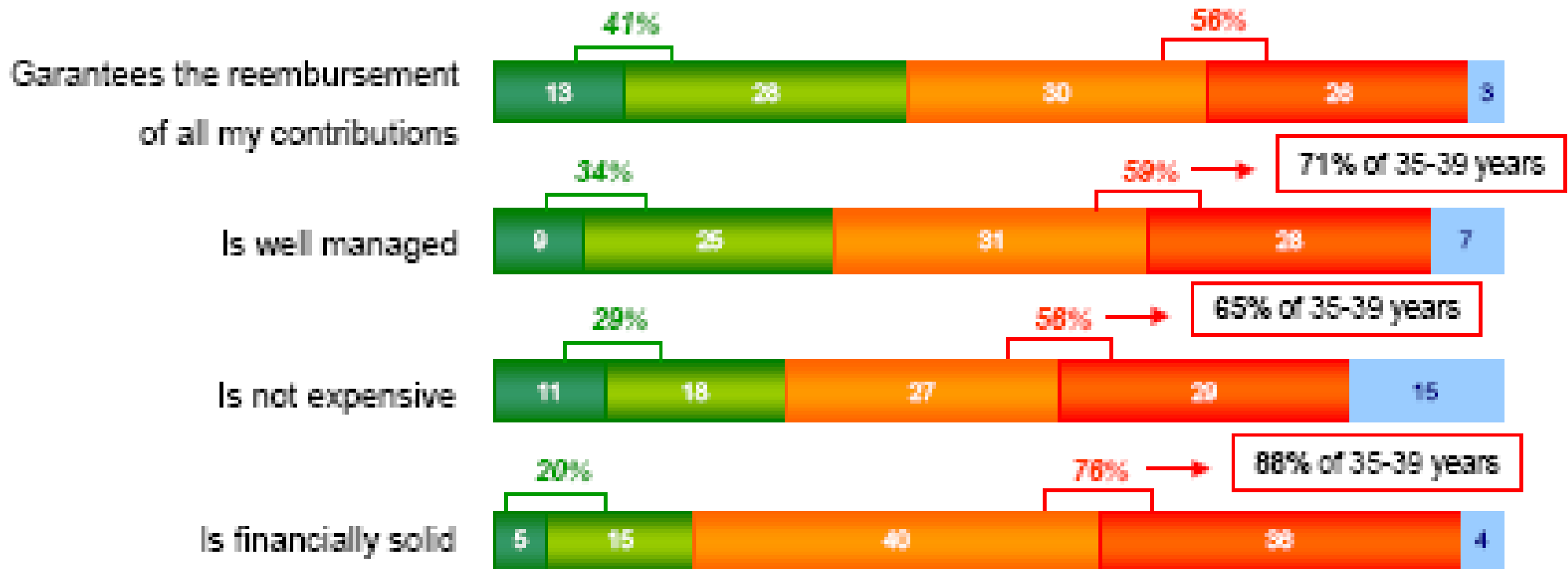


## Parametrical reform of 1993

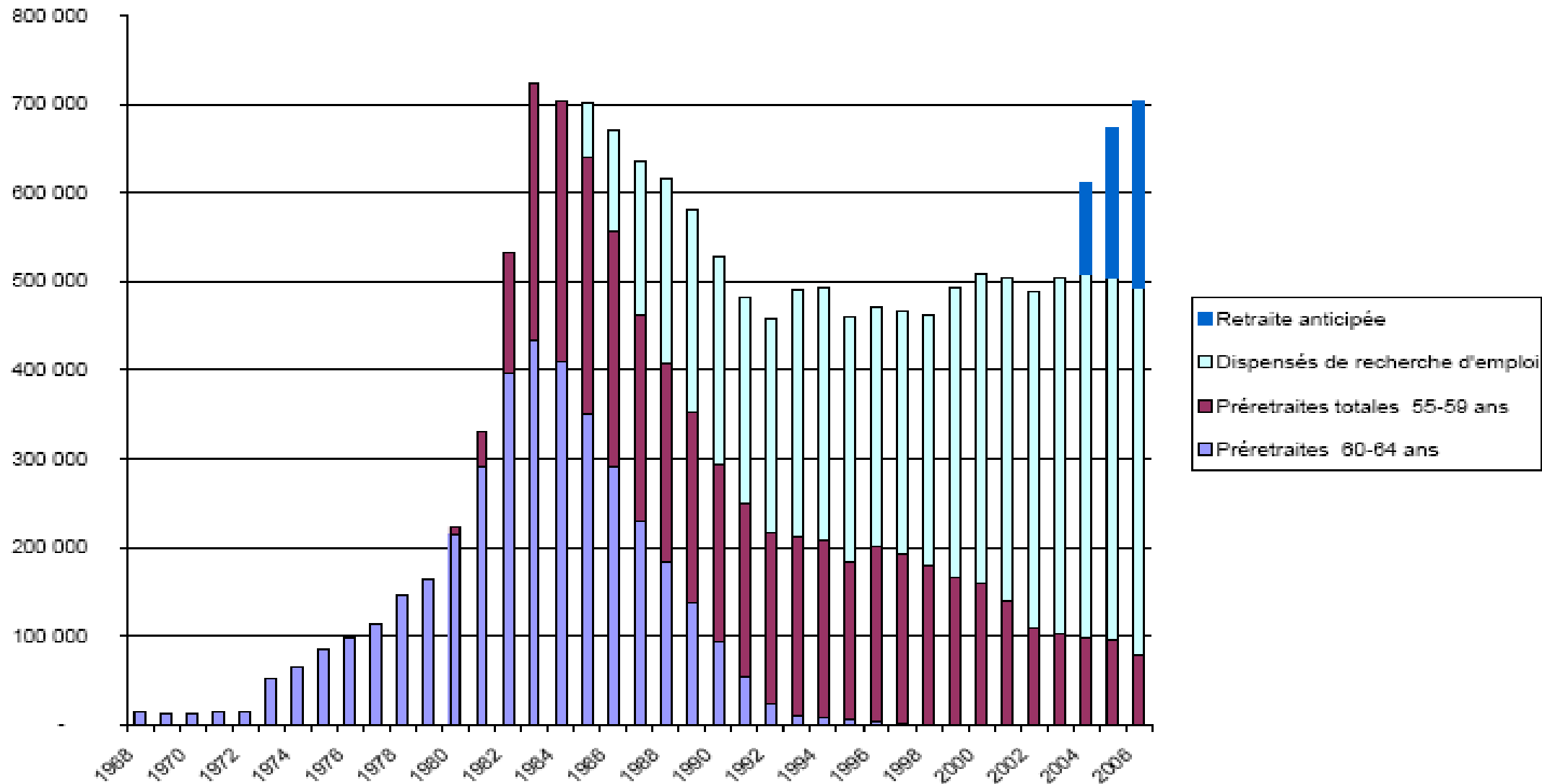
Year of 60	Year of birth	Maximum rate 50%	Reference salary
		Trimesters	Years
1994	1934	151	11
1995	1935	152	12
1996	1936	153	13
1997	1937	154	14
1998	1938	155	15
1999	1939	156	16
2000	1940	157	17
2001	1941	158	18
2002	1942	159	19
2003	1943	160	20
2004	1944	160	21
2005	1945	160	22
2006	1946	160	23
2007	1947	160	24
2008	1948	160	25

Source: CNAV, 2008

# “Do you believe that public retirement schemes...”



# Pre-retirement schemes in France



Source : UNEDIC, CNAM-Fonds FCAATA, CNAV ; calculs DARES.

AU REVOIR MARCEL  
L'ENTREPRISE RECONNAISSANTE



# A communication plan for increasing the elders rate of activity



## ⌘ TV SPOTS

# PAINTS AND PRESS INSERTS

"J'ai réuni 100 000 € pour aider à la lutte contre le sida."

**BRIGITTE,**  
VENDEUSE

**53**  
ANS

"J'ai amené mon équipe de cadets en finale de la Coupe de France."

**ALAIN,**  
COMPTABLE

"Pourquoi..."

**61**  
ANS

"Je peux courir un marathon aussi vite que vous."

**ÉMILIE,**  
INGÉNIEURE

"Pourquoi..."

**62**  
ANS

"Je peux vous battre aux jeux vidéo à l'aise."

**PATRICK,** "Pourquoi je ne pourrais pas travailler avec vous?"  
BIOLOGISTE

**57**  
ANS

[www.emploiesseniors.gouv.fr](http://www.emploiesseniors.gouv.fr)  
 Info Emploi : 0821 347 347 (0,12 euro/mn.)

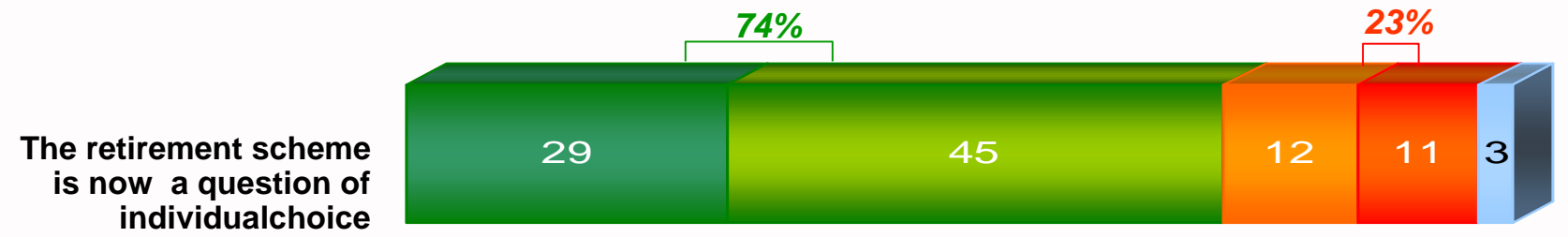
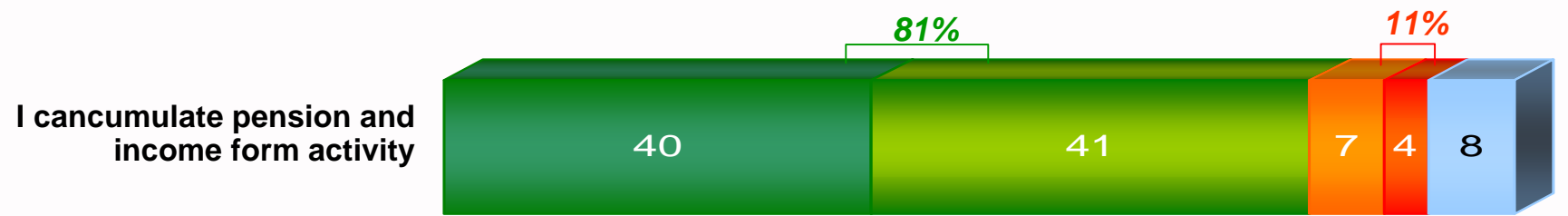
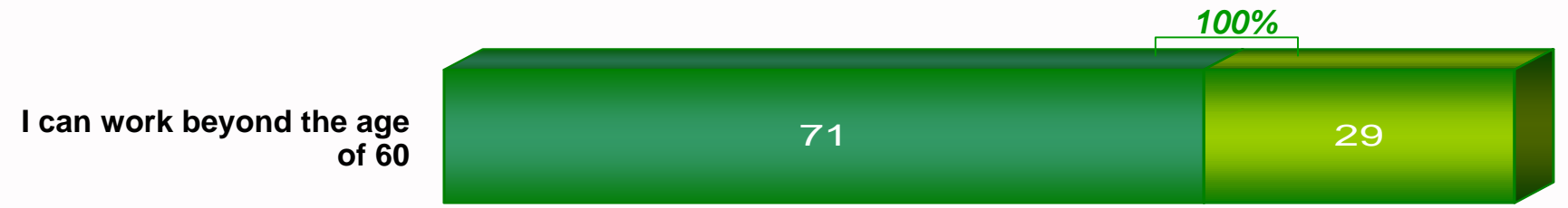
Notre avenir se construit à tout âge.
   
[www.emploiesseniors.gouv.fr](http://www.emploiesseniors.gouv.fr)  
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# The communication campaign was well understood

**Q19. What did you understand from the last communication campaign on retirement scheme**

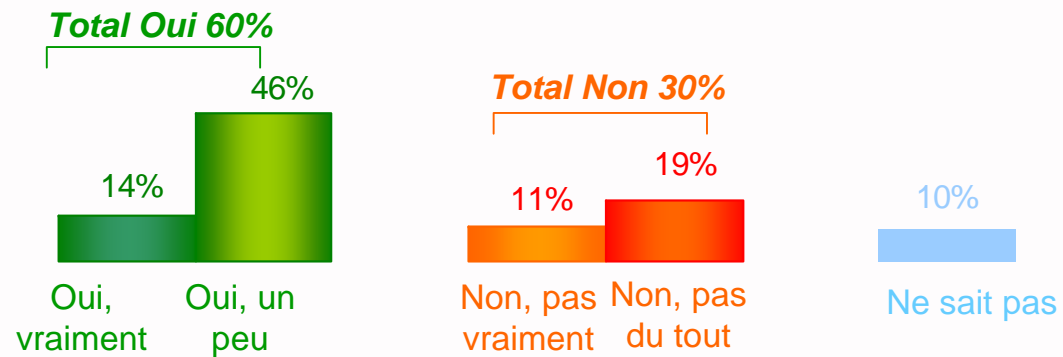
*En %*





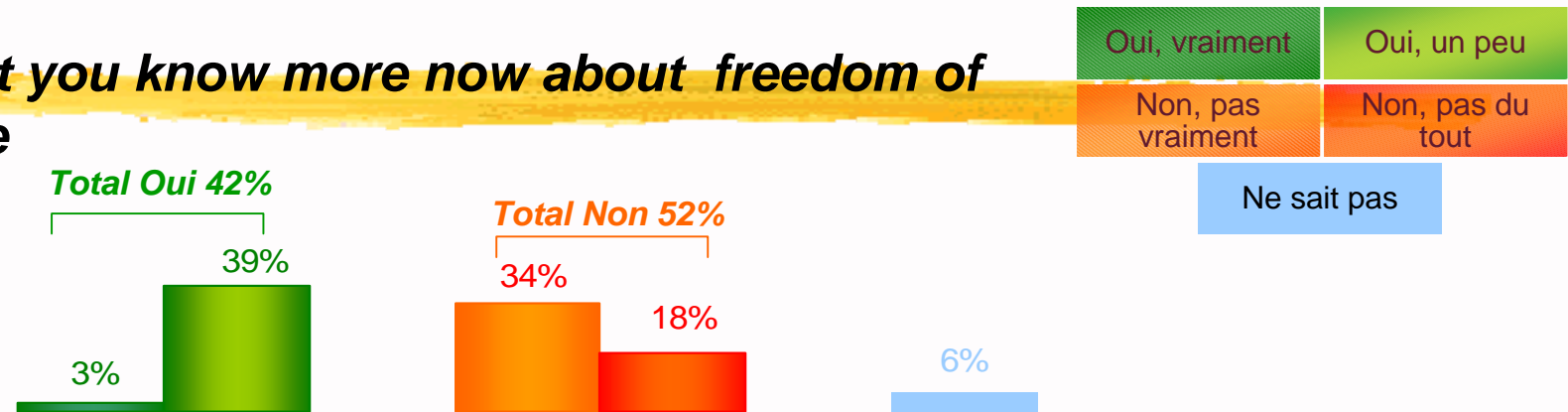
# The communication campaign was well understood

Q13. Are you now aware that you have the choice of your retirement age ?

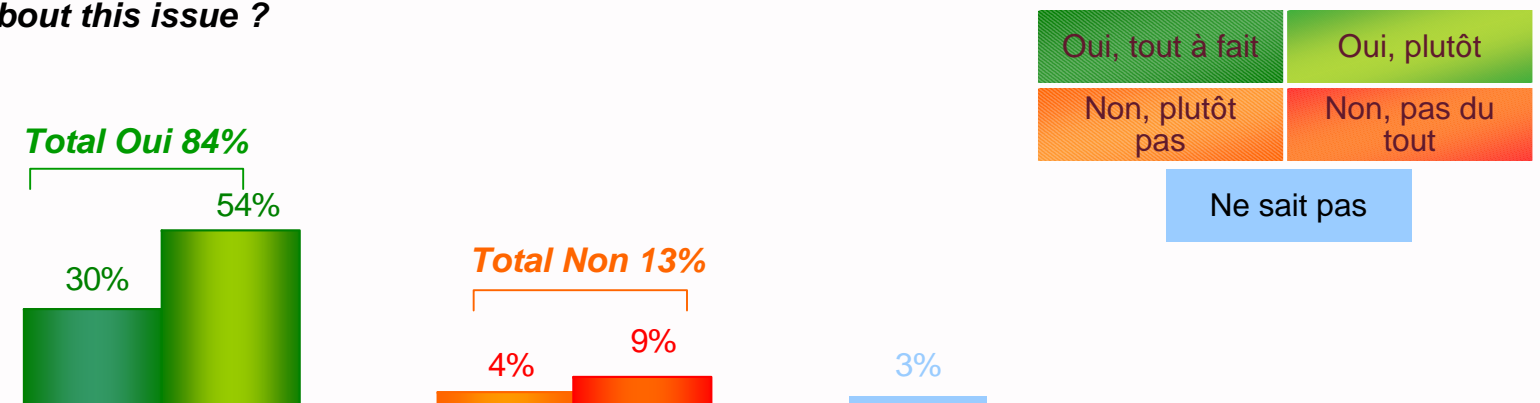


# The communication campaign was well understood

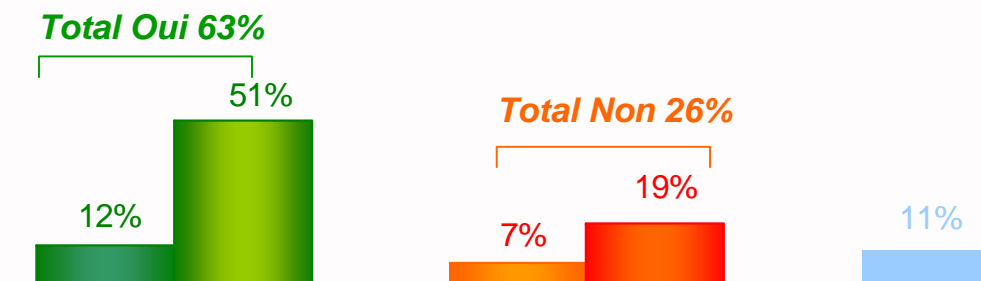
**Q14. Do you believe that you know more now about freedom of choice of retirement age**



**Q15. Would you like to know more about this issue ?**



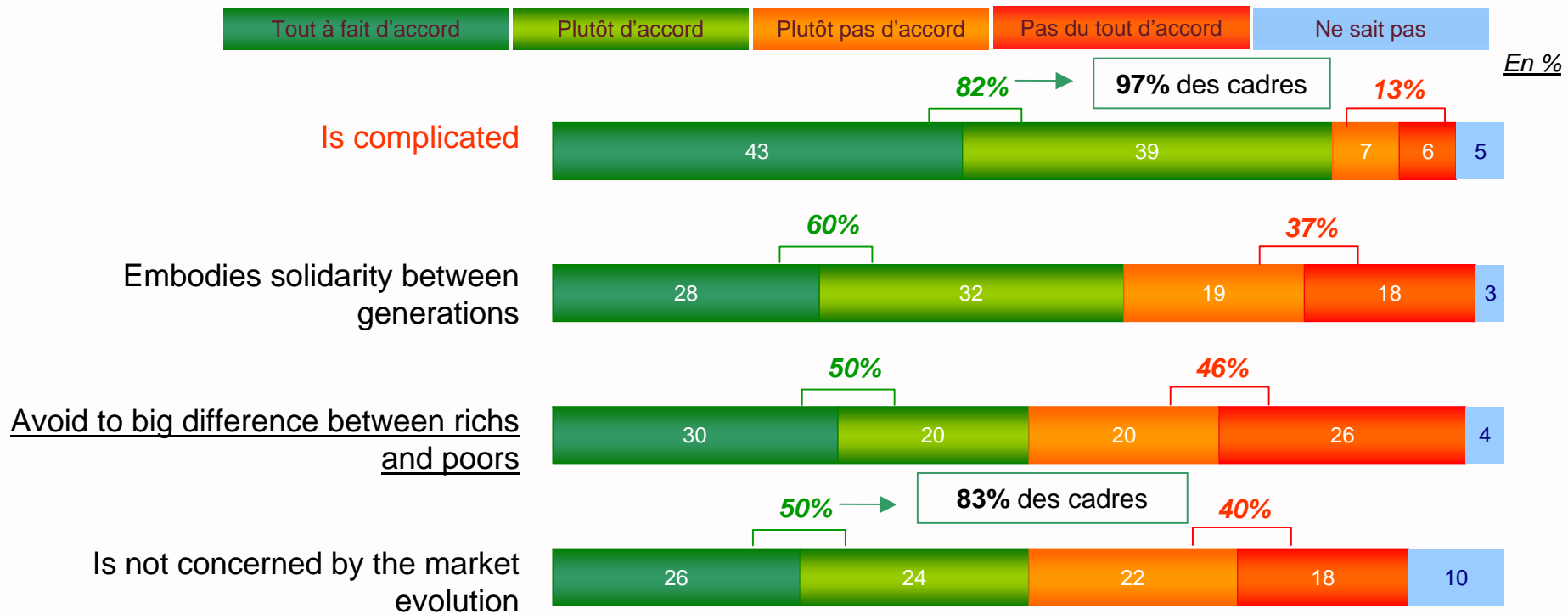
**Q16. Did you feel incited to contact your retirement scheme to know how to use this freedom of choice**



# Question about confidence of the youngsters

Q14. What do you think of your present Retirement scheme ?

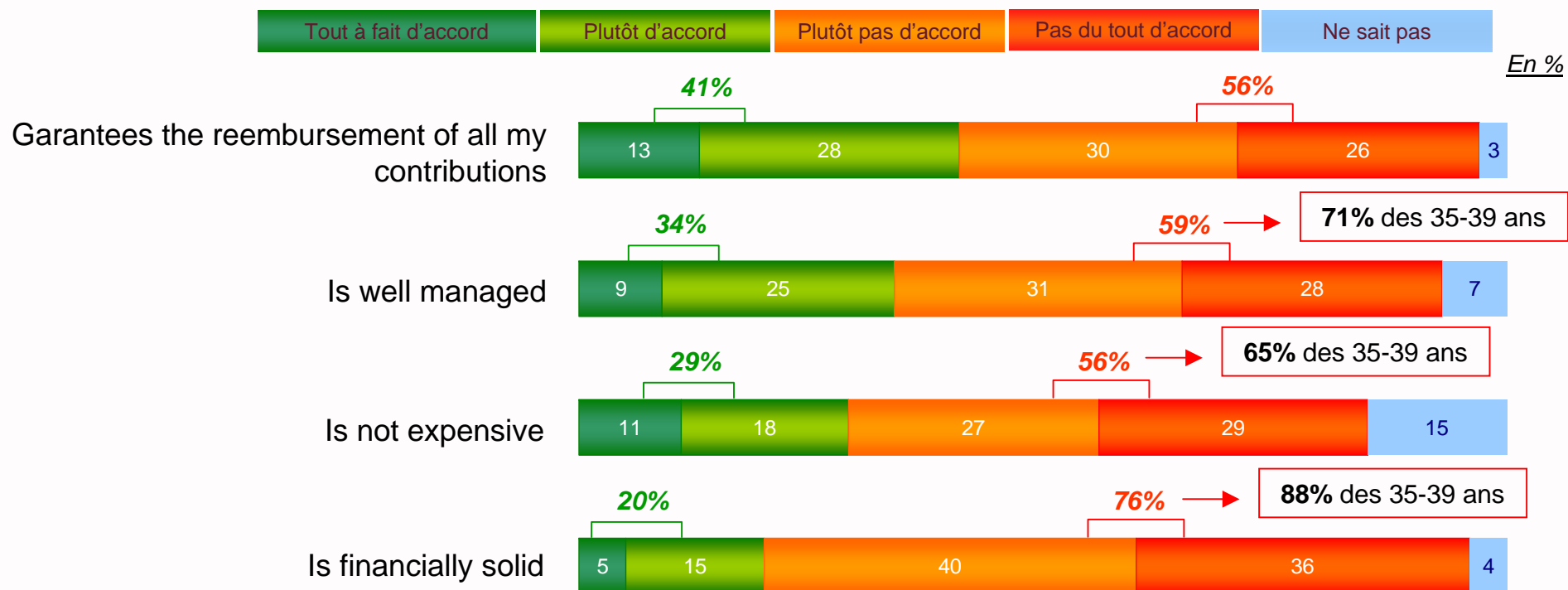
The present pension scheme....



# Question about confidence of the youngsters

Q14. What do you think about the present retirement scheme ?

## The retirement scheme....



Z'Y VA ...  
DECLIN TOI-MÊME!



# MAIN MEASURES



- **Increasing contributions for pensions**
- **drop** (5% a year) and **overvalue** (3% a year beyond 60)
- **Encourageing pension funds** - individual (PERP) or collective trough companies (PERCO)
- **Evolution of the compulsory retirement age** (from 60 to 65 years)

# FOCUS : PERP AND PERCO



## ➤ **PERP :**

- Individual
- Fiscal deduction
- Private management (insurers) – Eurobale Ratios
- Anticipated payment in case of accident
- pension

## ➤ **PERCO :**

- Collective via the company
- No individual fiscal deduction
- The employer can pay 4600 euros a year (tax free)
- Dedicated societies management
- Anticipated payment in case of purchasinf of a house or accident
- Pension or Capital

# Cotisations annuelles et encours des contrats d'épargne retraite en France

(en millions d'euros)

Produit d'épargne retraite	Nombre de cotisants	Cotisations annuelles	Encours
← PREFON (2)	234 000	461	7 600
UMR/COREM (3)	219 000	228	6 289
CGOS/CRH (4)	160 000	107	2 500
Contrats Madelin (5)	687 000	1 705	11 130
PERP (5)	1 871 000	984	2 350
PERCO (6)	201 000	432	761
Contrats article 82 (5)	1 190 000	190	3 003
Contrats article 83 (5)	1 400 000	1 899	30 375
Contrats article 39 (5)	1 100 000	2 787	21 321
FONPEL (2)	6 250	17	170
CAREL (8)	8 800	28	193
Mutuelle nationale de retraite des artisans (MNRA) (9)	305 600	148	1 424
Mutuelle MEDICIS (10) indépendants	113 400	79	1 060
Régimes des institutions de prévoyance (11)	250 000	360	4 000
<b>TOTAL</b>	<b>6 456 050</b>	<b>9 435</b>	<b>93 093</b>

**7% of the GDP**



# FOCUS : PERP AND PERCO

- Financial intermediary (Banker or insurer)
- Input : deduction for contributions till 10% of the main income
- Output : low rate of contribution on life annuity
- Cash blocked till retirement age
- compulsorily life annuity
- Financial Securities :
  - Each PERP is isolated, which means that even in case of bankruptcy, capital is safe
  - Each PERP is ruled by a non profit organisation (representative of members) – THE GERP- which the aim is to survey the PERP and inform its members by a Survey comitee
  - Each PERP is supervised by the French Insurance Control Authority (ACAM)
  - Annual report from the Survey Comitee
- Protections :
  - In case of death : life annuity for family or pre-determined beneficiaries
  - Two years before retirement age : 90% of the fund is placed in a euro investment (low risk and high secured placement). All capital is invested in bond at the retirement age

# FOCUS : PERP AND PERCO

- **2 millions of contributors in 2008**
- **3.4 billions of euros placed**
- **Stocks : 22-23% of the capital**
- **Prudential ratios :**
  - 90% of secure investments (Bonds, equity, no stocks) 2 years before retirement
  - 80% from 5 to 2 years before retirement
  - 65% from 10 to 5 years
  - 50% from 15 to 10 years
  - 40% from 20 to 15 years
  - 0% beyond 20 years before retirement ange

# FOCUS : PERP AND PERCO

- Made by the enterprise via a collective agreement
- Cash blocked till retirement age (exception in case of accident, unemployment or purchasing of a residence)
- Input : contribution of the enterprise is exempted of income tax, interest of the constituted capital are exempted of any tax
- Output : Life annuity is taxed in a favourable level
- Compulsory life annuity (exception in case of accident, unemployment or purchasing of a residence)
- Securities :
  - Financial tools must be the property of a body agreed by the french Credit and investment companies comitee
  - Funds ruled by an investment company agreed by the French Financial Market Authority
  - Each Investment Fund (FCP) is surveyed by by a bipartite –empler and employees- supervisory board. The President is an employee
- Protection :
  - In case of death : life annuity for family or pre-determined beneficiaries

# FOCUS : PERP AND PERCO

- 56.000 companies covered in 2008
  - 1.4 Billions of euros of capital
  - 350.000 salaried people covered
- 
- Sources :
    - participation : 35.8%
    - Voluntary contributions from salaried people : 48.9%
    - Intéressement : 15,3%

# FOCUS : PERP AND PERCO

## Fiscal expenditure

### ➤ **Cost:**

- Over 900 millions of euros of fiscal deductions

### ➤ **main measures**

- Deductibility from income tax till the Social security ceiling
- Exonerability from the wealth tax of the capital placed in retirement placement

# FOCUS : PERP AND PERCO

## PARLIAMENT RECOMMENDATIONS

### ➤ **Simplification:**

- Legal personnality for PERP Survey comitee and PERCO Supervisory Board (litigation)
- A better distinction between PERP GERP and Survey comitee
- Lower the qorum for PERP general assemblies
- Developping a label 'Epargne Retraite' to inform the Public

### ➤ **Better adequation between risks and security :**

- After five years, PERP must have grouped 2000 people and invested more than 10 millions of euros (other contracts are less heavy to develop) : for the parliament, there is reasons to to lower this obligation till the level of other retirement plans such as the one open for self salaried people
- Technical rate of 0%
- Lack of a wannantee fund in case of bankrupcy of the financial intermediary

# FOCUS : PERP AND PERCO

## PARLIAMENT RECOMMENDATIONS

### ➤ **Communication :**

- Annual reports on the evolution of PERP and PERCO

### ➤ **Better control :**

- Solvency II : ratio implemented by a decree of march 2008
- Specific chapter on the annual report of the Control authority for insurance companies and mutuality

### ➤ **Tax expenditure :**

- Contributions from enterprises on PERCO should be totally deductible from income
- Confirm the deductibility from income and wealth tax



**CONCLUSION**



**Key elements for a successful  
pension scheme**

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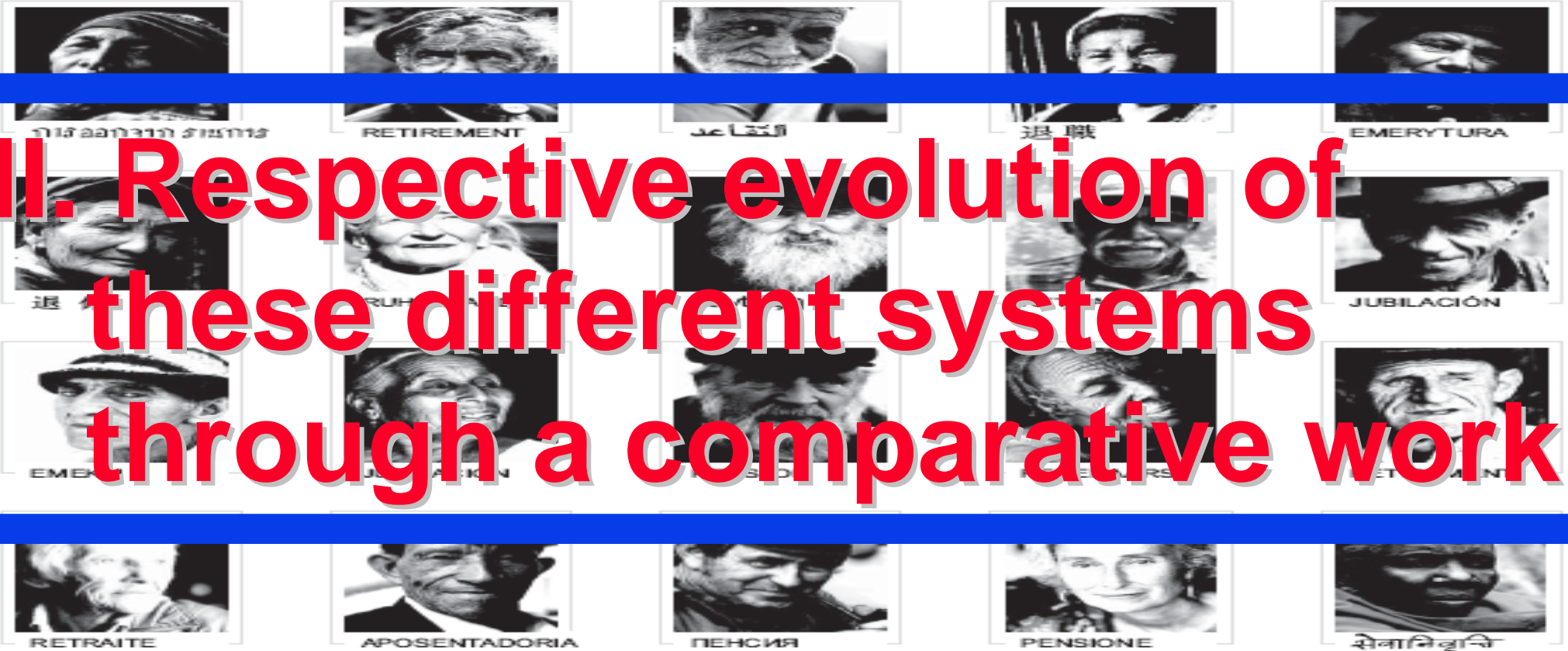
**40** ans

ET POUR LONGTEMPS



# Conclusion : prerequisite for a successful Scheme (Samuelson)

Essential elements	Essential For State Scheme	Essential for private schemes
<ul style="list-style-type: none"> <li>Public Sector Prerequisite</li> </ul>		
Fiscal sustainability of state scheme	Yes	
Political sustainability of pension reform package	Yes	Yes
Administrative capacity to enforce taxes/contributions	Yes	Yes
Capacity to maintain macroeconomic stability	Yes	Yes
Effective regulatory capacity		Yes
<ul style="list-style-type: none"> <li>Private Sector prerequisites</li> </ul>		
Sufficiently well-informed population		Yes
Adequate Public trust in private financial instruments		Yes
Financial assets		Yes
Financial markets		Yes
Private technical capacity		Yes



**II. Respective evolution of these different systems through a comparative work**

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**40** ans

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**II. Respective evolution of these different systems through a comparative work**



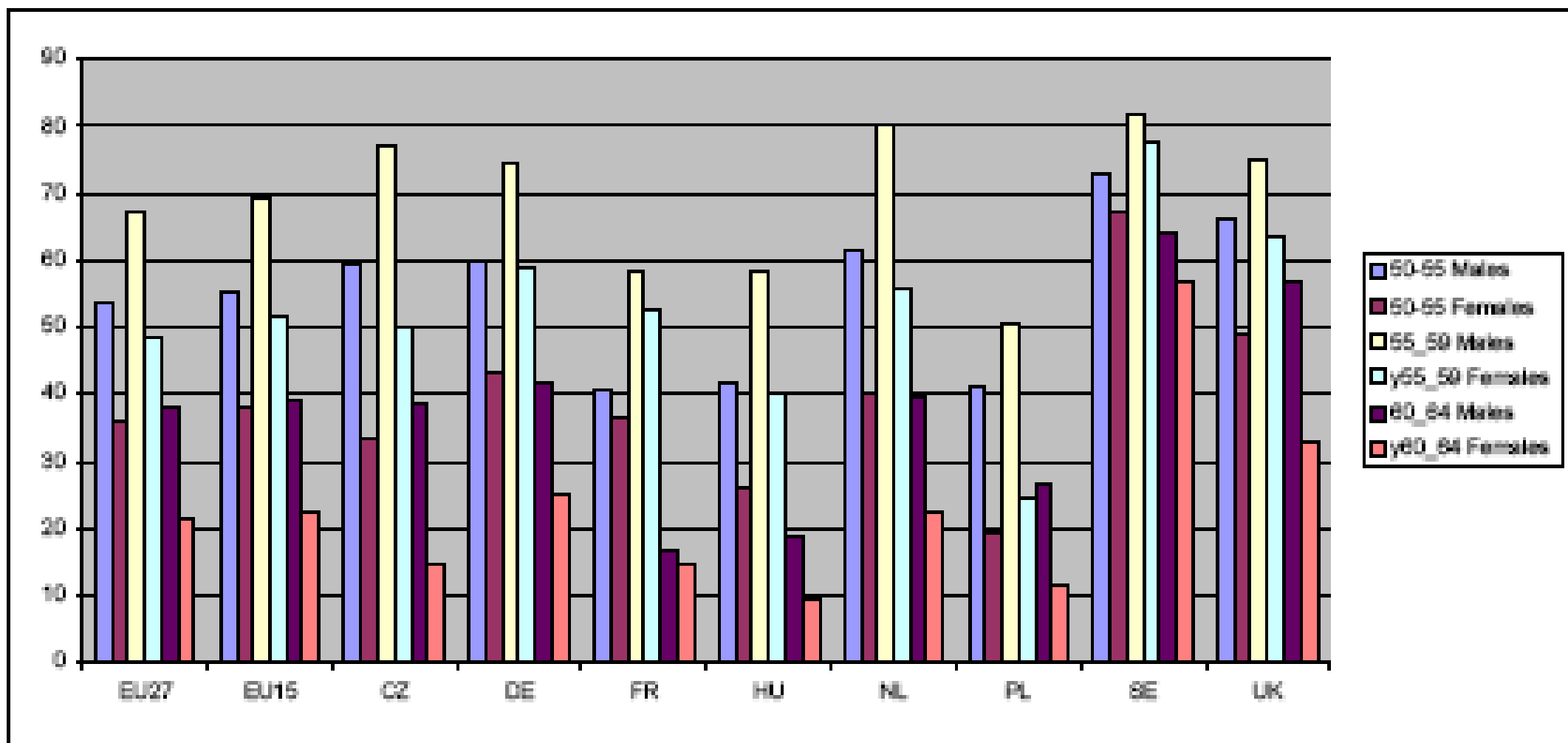
**1) The European Union role**

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40 ans

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## European employment rate by age



Source: SPC(2008) and Eurostat.

**II. Respective evolution of these different systems through a comparative work**



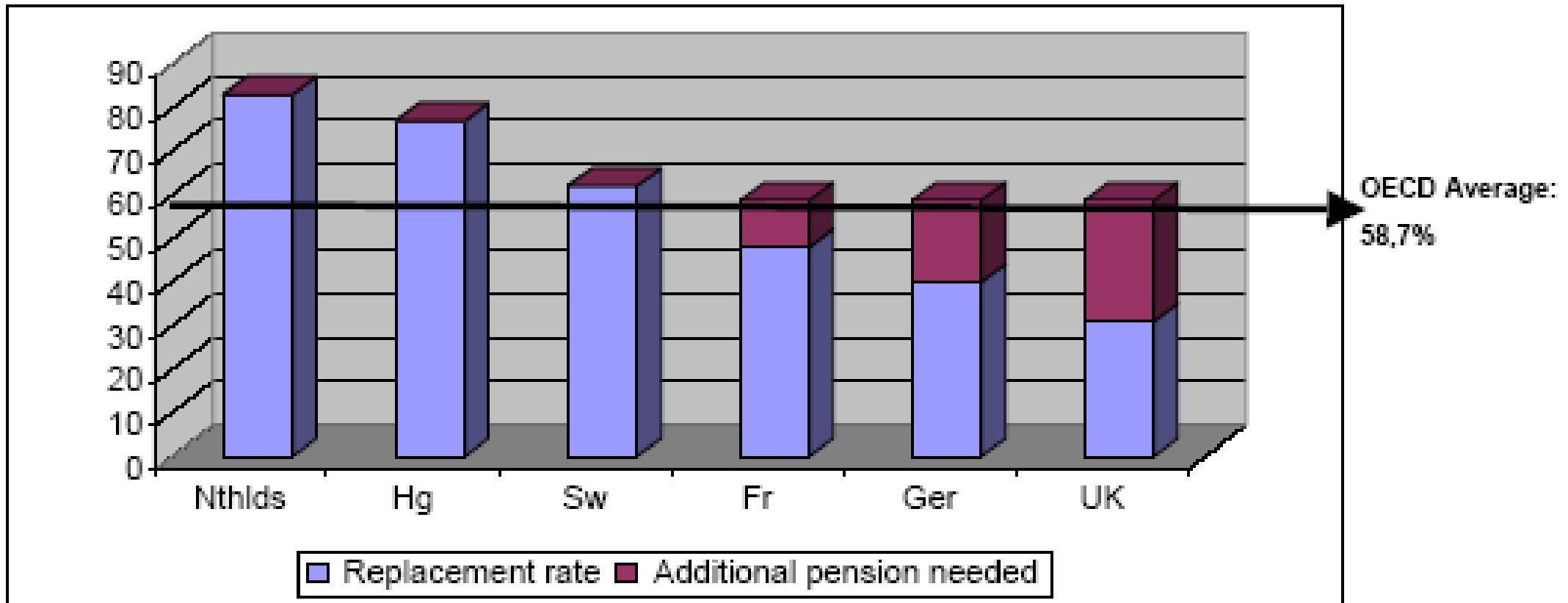
**2) Toward a convergence ?**

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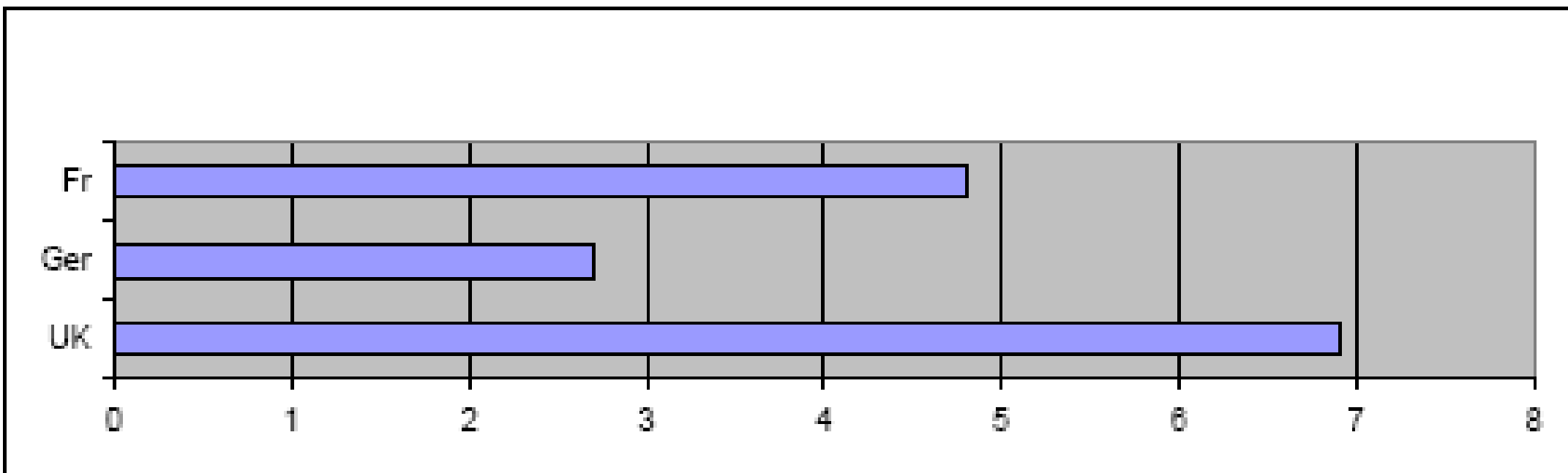
ET POUR LONGTEMPS

# National replacement rate compared to OECD estimated average replacement rate



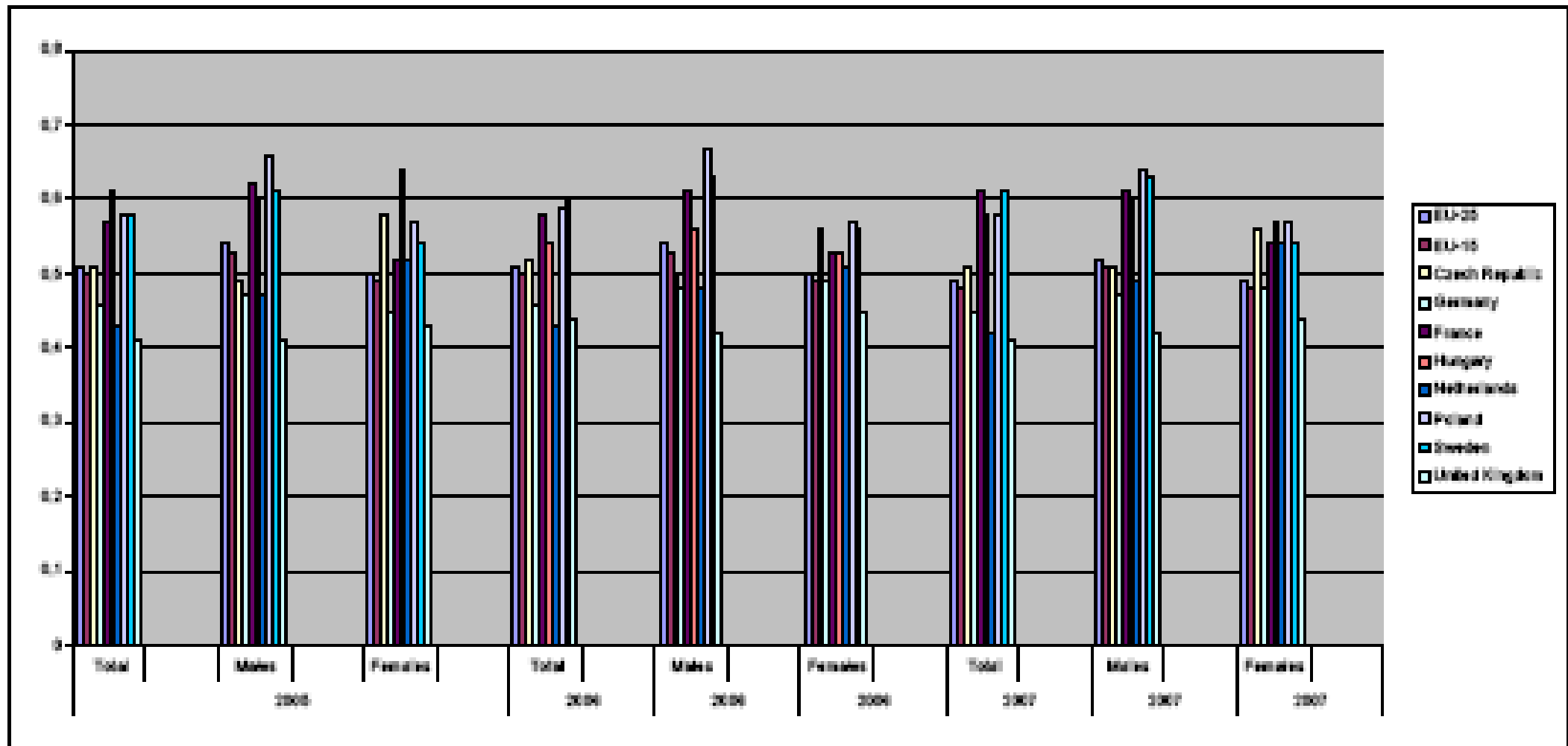
Source: OECD 2007

# Necessary contribution rate to reach average OECD replacement rate – 3 examples



Source: OECD Model (2007).

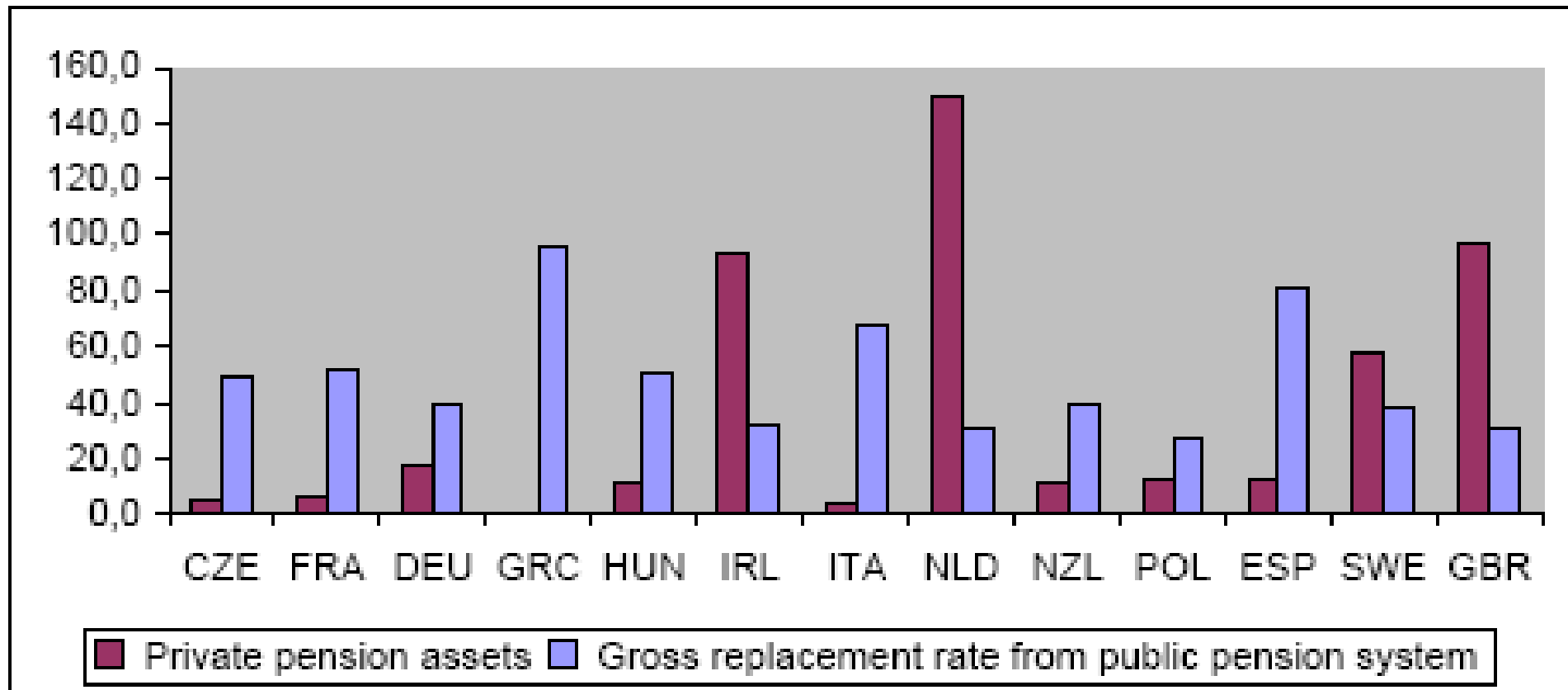
# Aggregated replacement rate per country



Source: SPC (2008) and Eurostat.



# Private pension funds assets compared to average replacement rate authorized by public retirement schemes



Source: (OECD 2008).

**II. Respective evolution of these different systems through a comparative work**



**3) Comparison is not reason**



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40 ans

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# Private retirement schemes : type, coverage and average rate of contribution

	First scheme (in size)			Second scheme (in size)		
	Scheme	Cover	Contribution	Scheme	Cover	Contribution
France	PV	10%		IV	8%	
Germany	PV	57%	2-4%	IV	13%	2-4%
Hungary	IC	58%	8%	PV/I	31%	5%
Poland	IC	49%	7-3%	PV/I	Negligible	
Sweden	IC	+90%	2,5%	PQC	+90%	2%
UK	PV	43%	c.9%	IV	16%	
The Netherlands	PQC	90%				

Source: OECD (2007).

C: compulsory

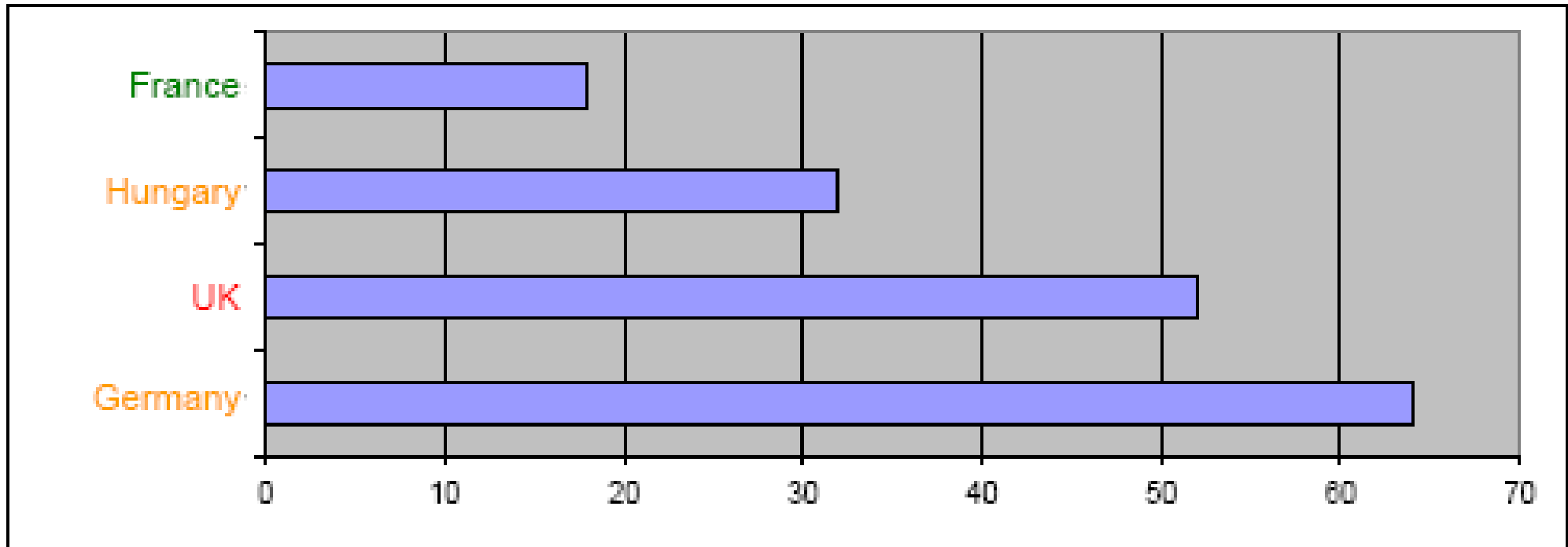
QC: quasi compulsory (under collective agreement)

P: professional (occupational)

I: individual

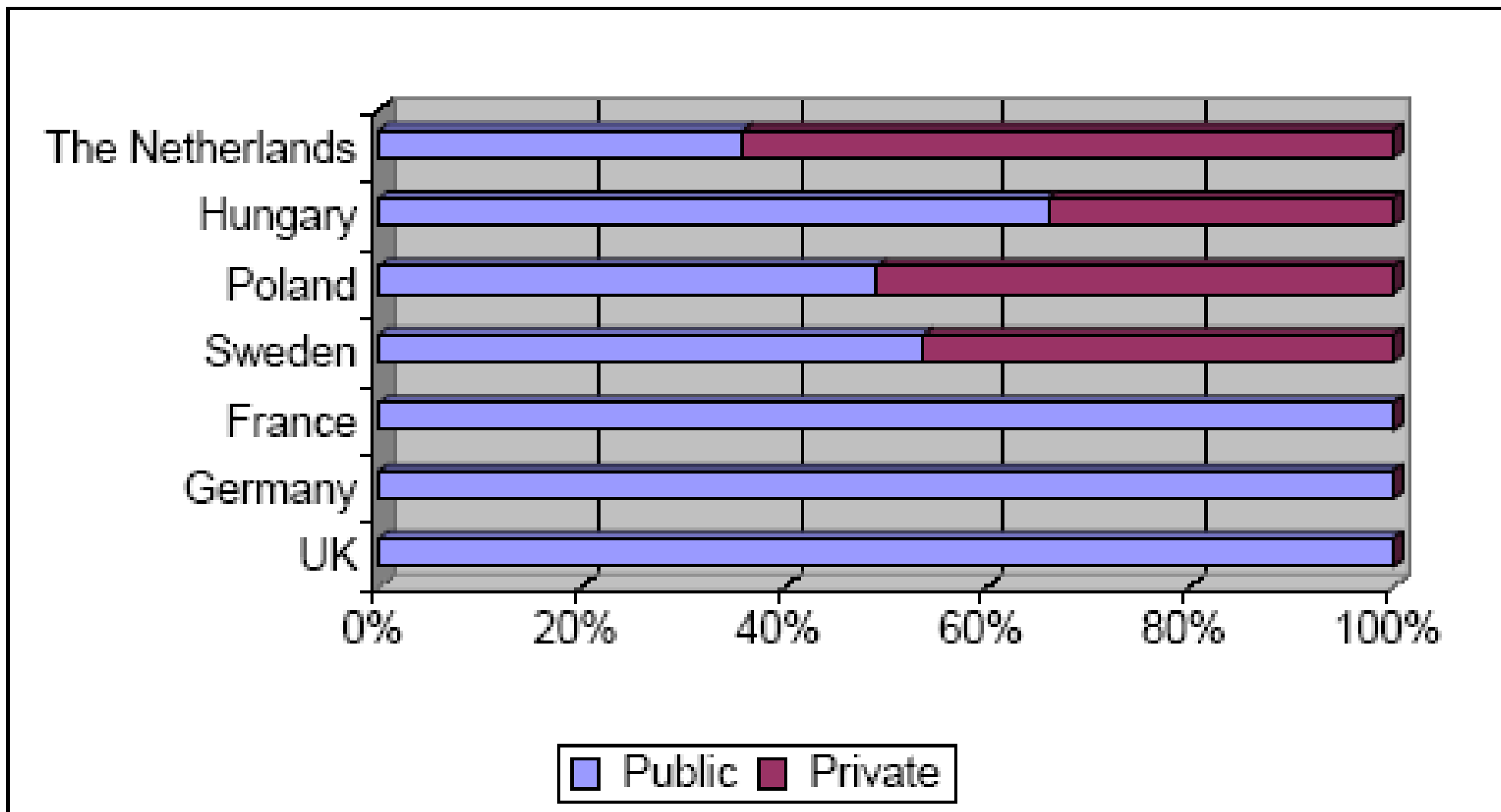
V: voluntary

# Coverage rate of voluntary retirement schemes – 4 examples

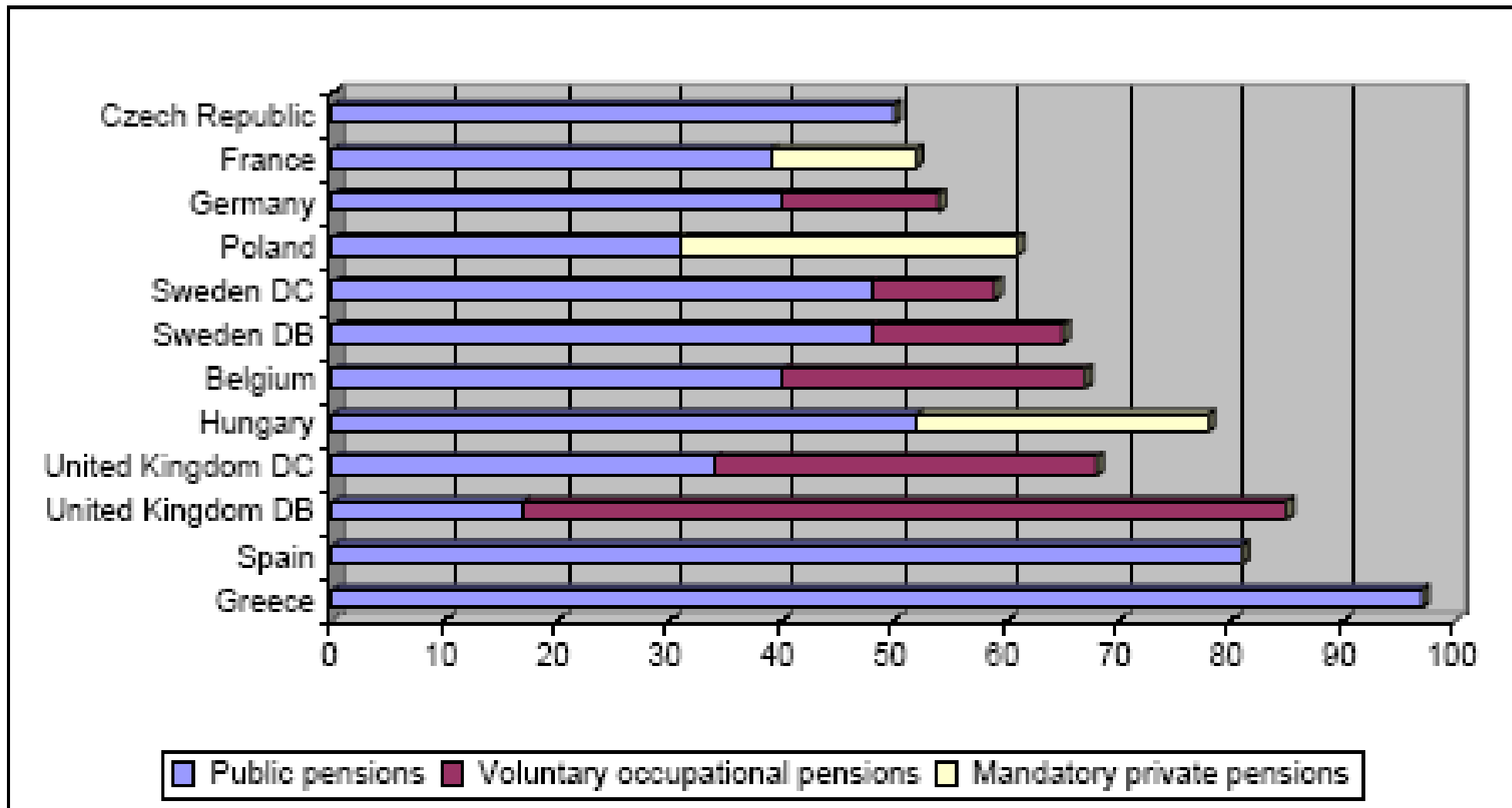


Source: OECD (2007).

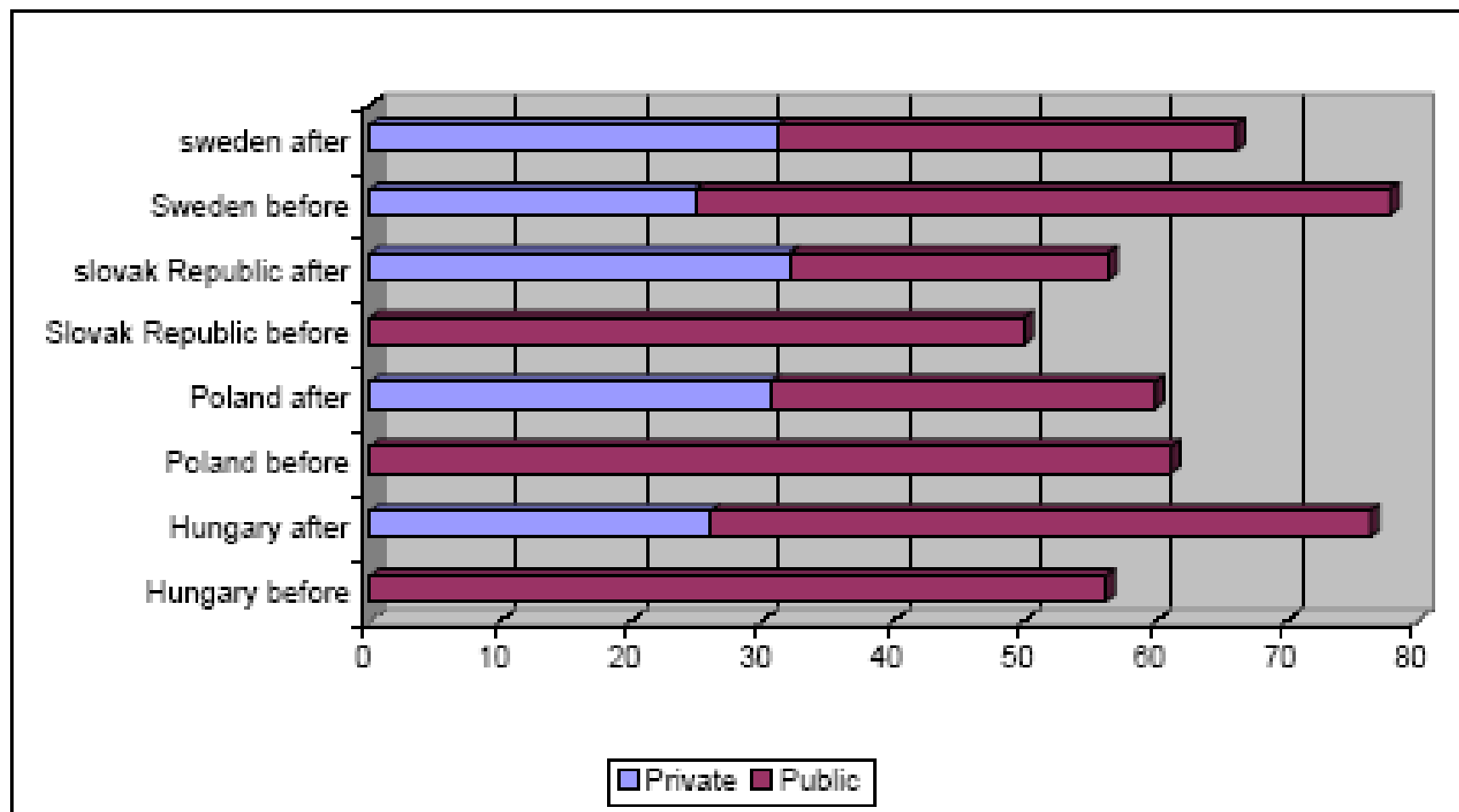
# Repartition Public/private in compulsory retirement schemes across Europe



# Potential replacement rate at retirement age (% of last income)

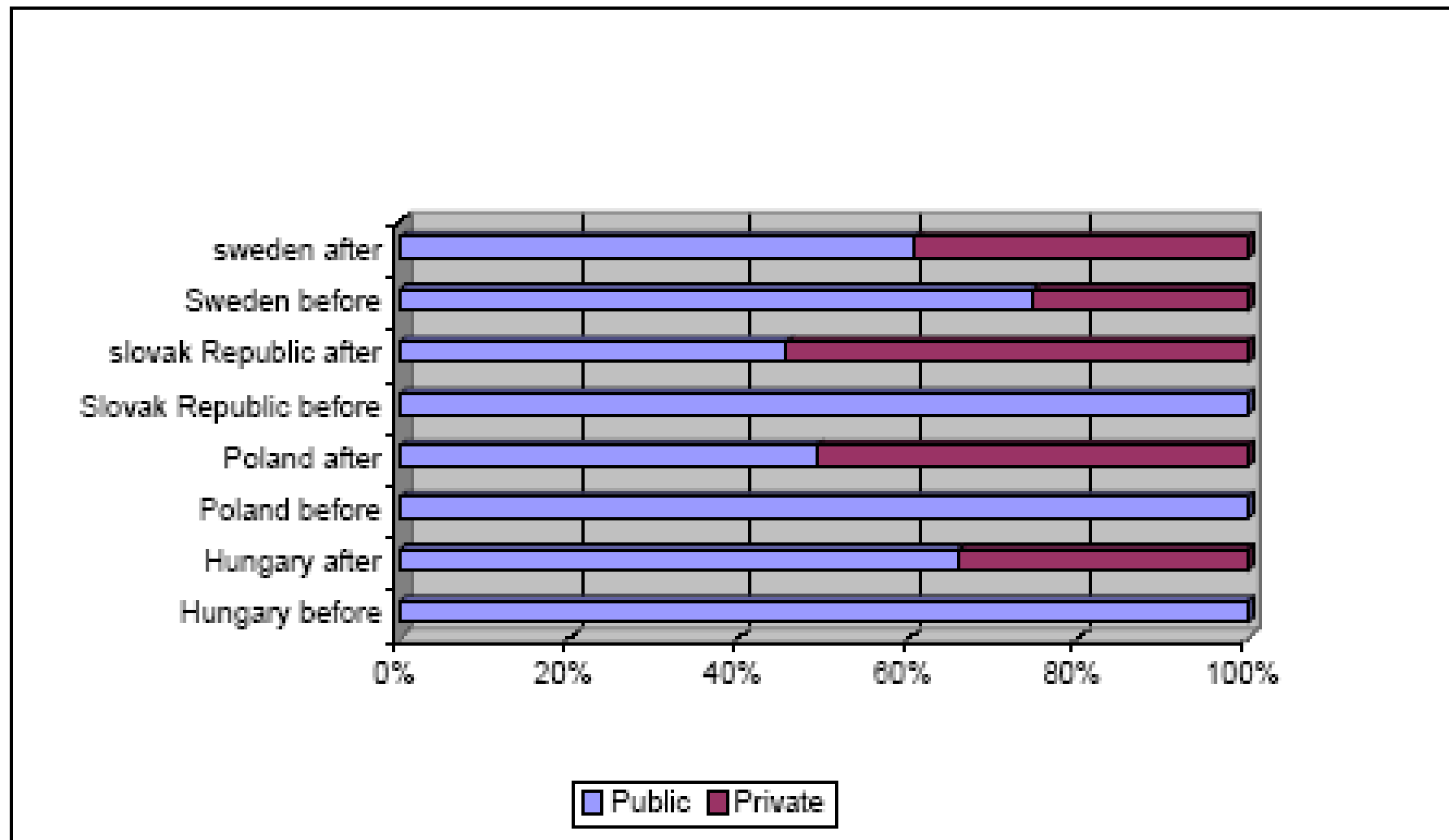


# Evolution of repartition between Public/private before and after reforms (% of average income)



Source: OCDE, 2008.

# Evolution of repartition between Public/private before and after reforms (% of average pension to pay)



Source: OCDE (2008).




# Projection of public retirement schemes spending (as a % of GDP)

	2000	2010	2020	2030	2040	2050	Variation 2000-2050 <sup>18</sup>	Variation of the share of people aged 65 and above in total population
Germany	11.8	11.2	12.6	15.5	16.6	16.9	43	71
France	12.1	13.1	15	16	15.8		31	66
The Netherlands	7.9	9.1	11.1	13.1	14.1	13.6	72	76
Sweden	9	9.6	10.7	11.4	11.4	10.7	19	45
UK	5.5	5.1	4.9	5.2	5	4.4	- 20	59

Sources: EPC (2001) and Eurostat.

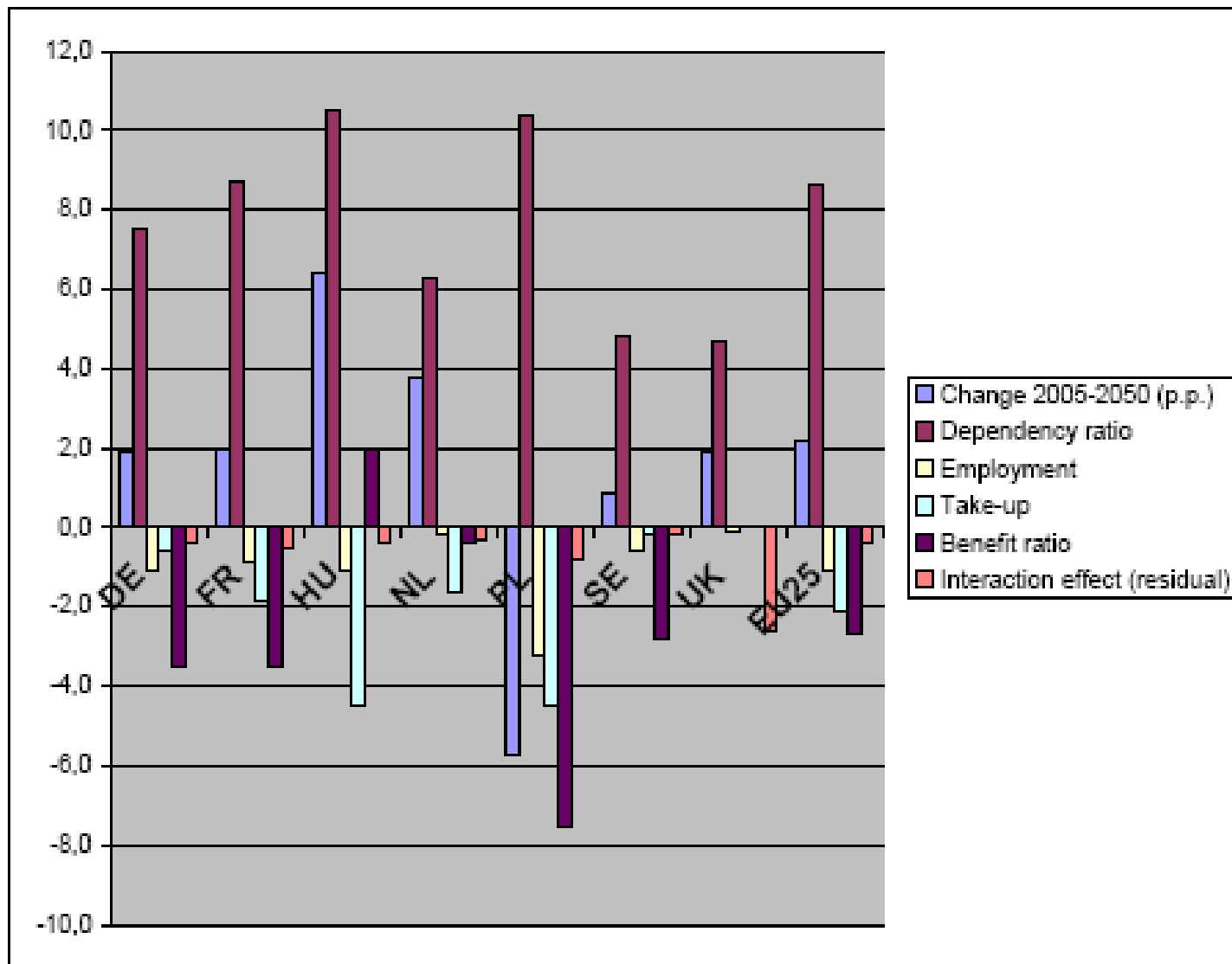
# Projection of public retirement schemes spending per person of 65 and more



	2000	2010	2020	2030	2040	2050	Variation 2000-2050 <sup>19</sup>
Germany	67.4	53.8	54.8	56	54.8	56.3	- 16
France	72	74	69.1	63.5	57.5		- 20
The Netherlands	54.9	56.5	54.4	53.7	53.2	53.5	- 2
Sweden	49.5	48	46.5	45.8	43.2	40.7	- 18
UK	33.3	29.7	24.5	21.8	19	16.8	- 50

Sources: EPC (2001) and Eurostat.

# Breaking down of public retirement schemes spending evolution between 2005 and 2050 (in %age)

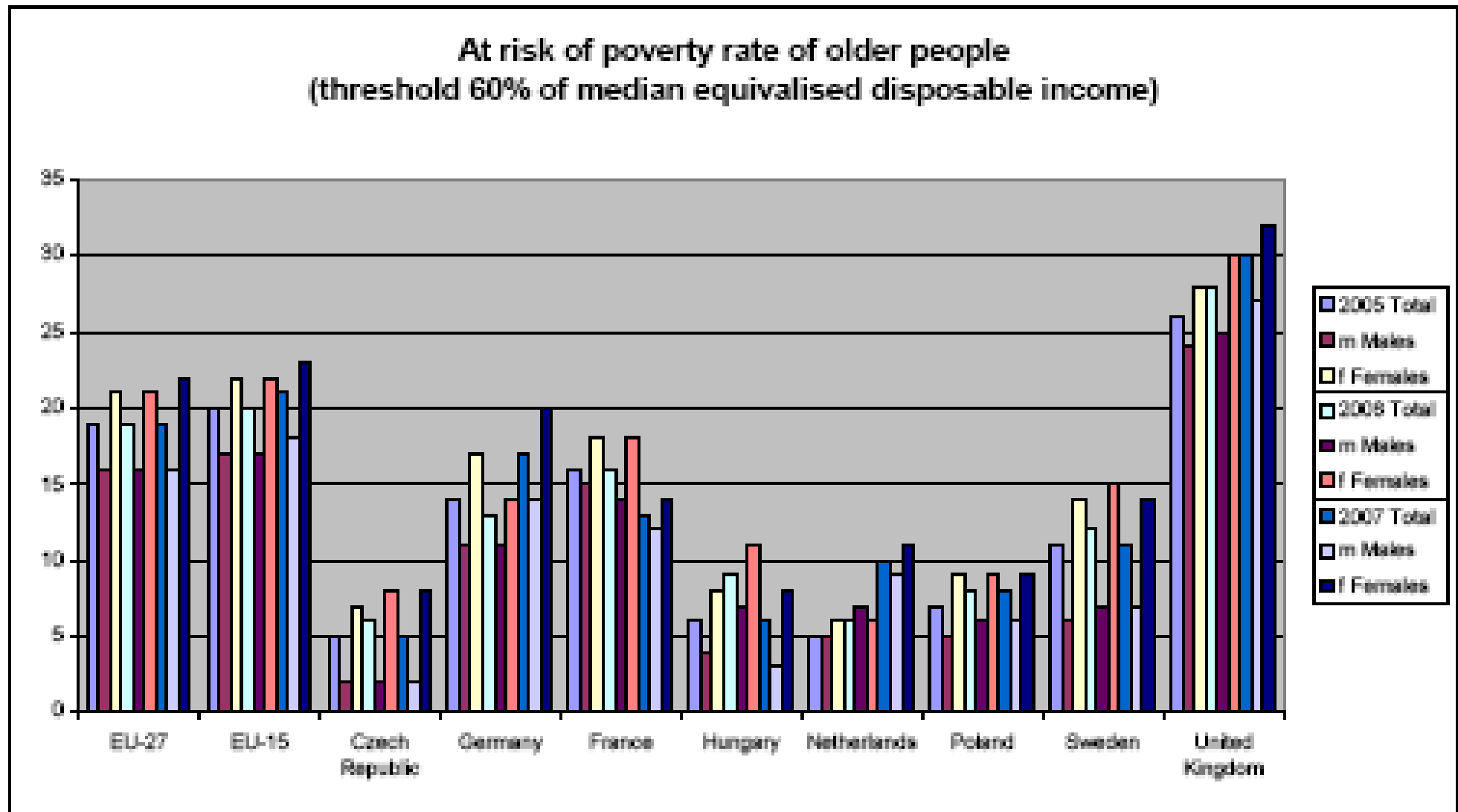


## Bismarckian compulsory retirement schemes replacement rate between 2000 and 2030 (France and Germany)

	2000		After implementation of the reform (2030)		% change net ratio
	Gross	Net	Gross	Net	
Case 1: Worker at half average wage; starts at age 18					
Germany, ends at 65	73	92	50	67	- 27
France, ends at 60	65	79	57	68	- 14
Case 2: Executive average wage at beginning and 3 times average wage at end of career; ends at 65 after 40 years of contributions					
Germany	22	42	21	39	- 8
France	43	55	38	53	- 4

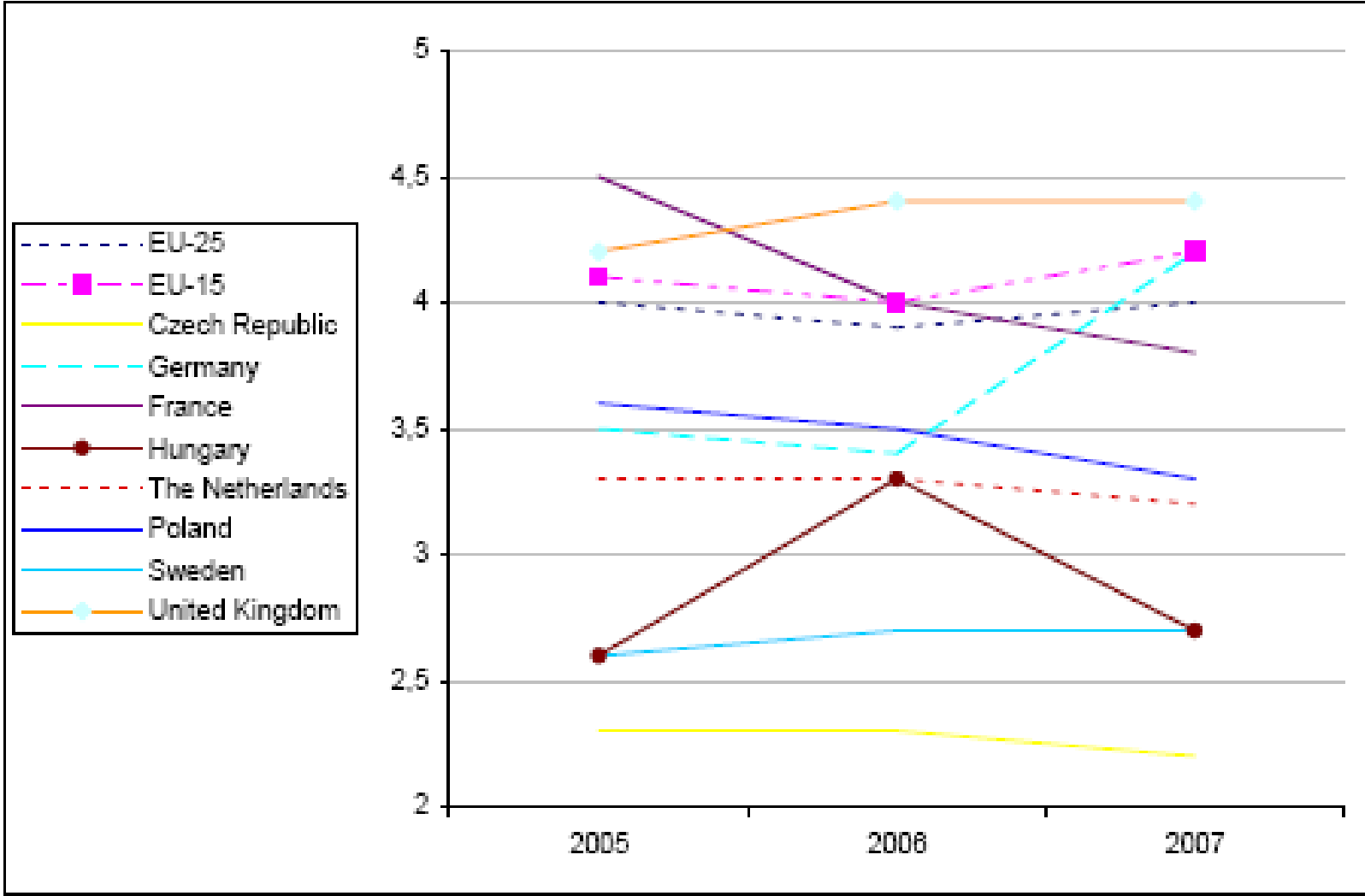
Source: Chagny et al. (2001).

# Elder people poverty risk exposure (60% of median income)



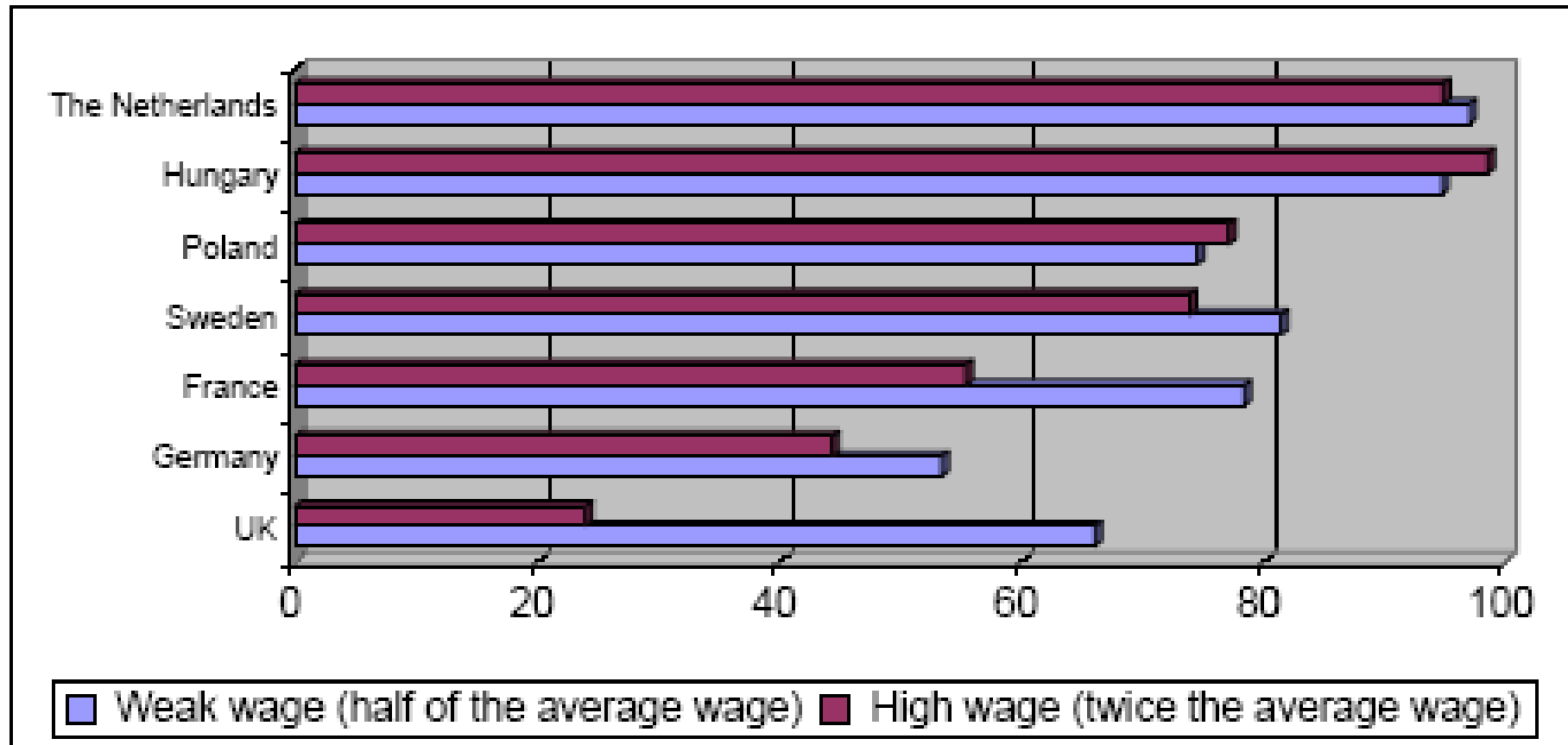
Source: Eurostat (2008).

# Income inequality (ratio between first and last quintile) among 65 and more




Source: SPC (2008), and Eurostat.

# Net replacement rate guaranteed by compulsory public schemes



Source: SPC (2008), and Eurostat.

## Compensation of inequality in 4 western European countries




	Gini %	Wages	Labour income	Capital income	Private pensions	Public pensions	Other transfers	Taxes	Family configuration
UK	30.5	27.3	5	1.4	2.1	- 3.8	- 10.5	- 6	15
Sweden	22.3	30.2	0.8	1	1.4	- 7.9	- 9	- 5.8	11.6
Germany	26.7	25.8	2.3	1.3	0.3	- 8.1	- 3.3	- 7.2	15.7
France	28.6	27.8	3.8	1.7	0	- 10.3	- 6.2	- 2.6	14.4

Source: LIS (2001).



## Private funds size in four western European countries



	% of employees in private plans	% of retirees with private pension	% of beneficiaries disposable income	% of retired 65- 74 men's gross income
Germany	46	16	18	6
The Netherlands	91	75	54	53
Sweden	90	86	26	25
UK	46	76	40	55

Sources: Calculation from LIS data (Casey and Yamada, 2002b).

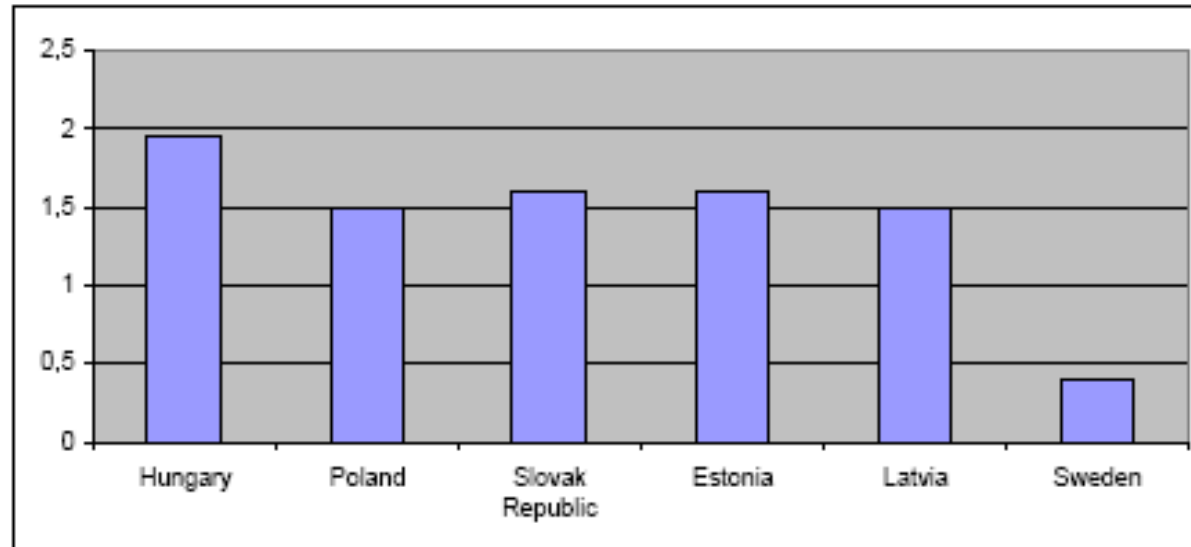
# Importance of voluntary private pension funds origins in income of retired men and women (%age of married men and women between 64 and 75)

	Men	Women	Proportion
Germany	6	1	6.7
The Netherlands	53	10	5.6
Sweden	25	17	1.5
UK	55	21	1.9

Sources: Calculation from LIS data (Casey and Yamada, 2002b).

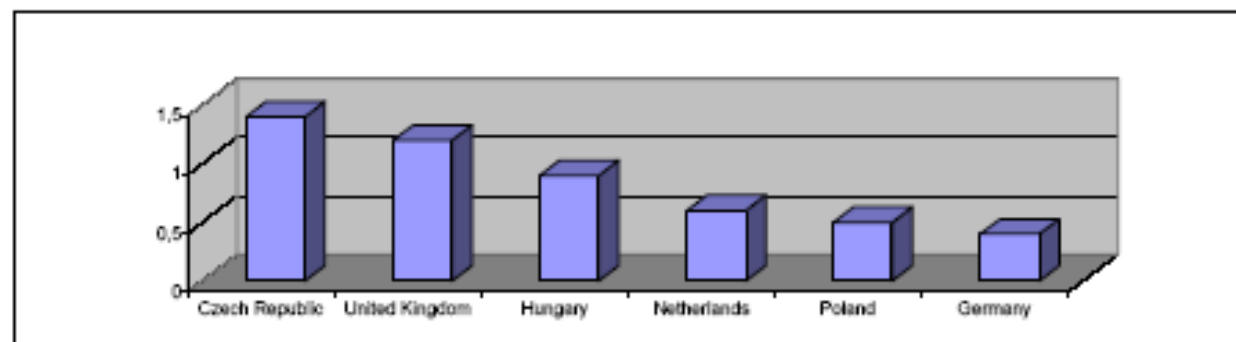
# administrative and operational burden of pension funds

Graph 27. Administrative charges of pension funds (*% of contribution*)



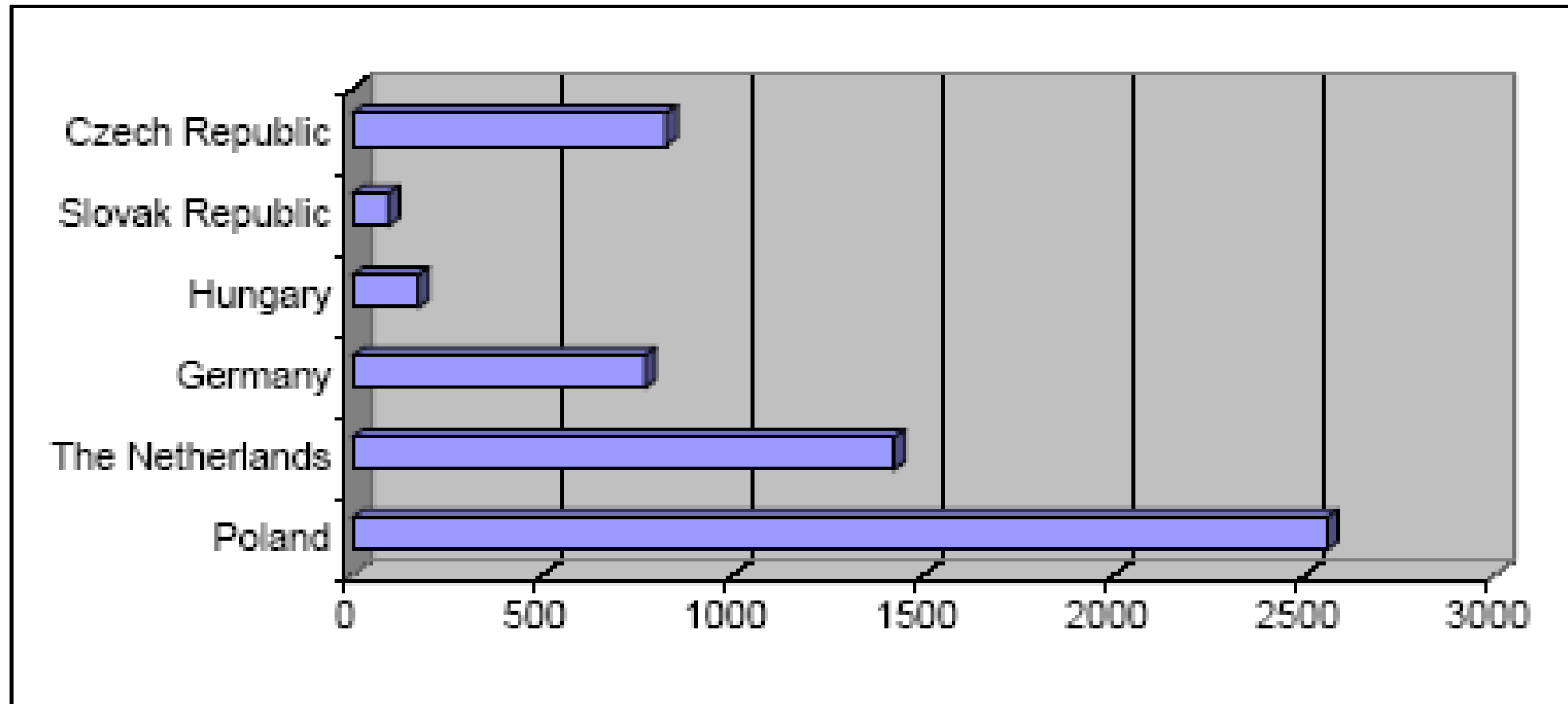
Source: OECD (2008).

Graph 28. Operating costs of pension funds



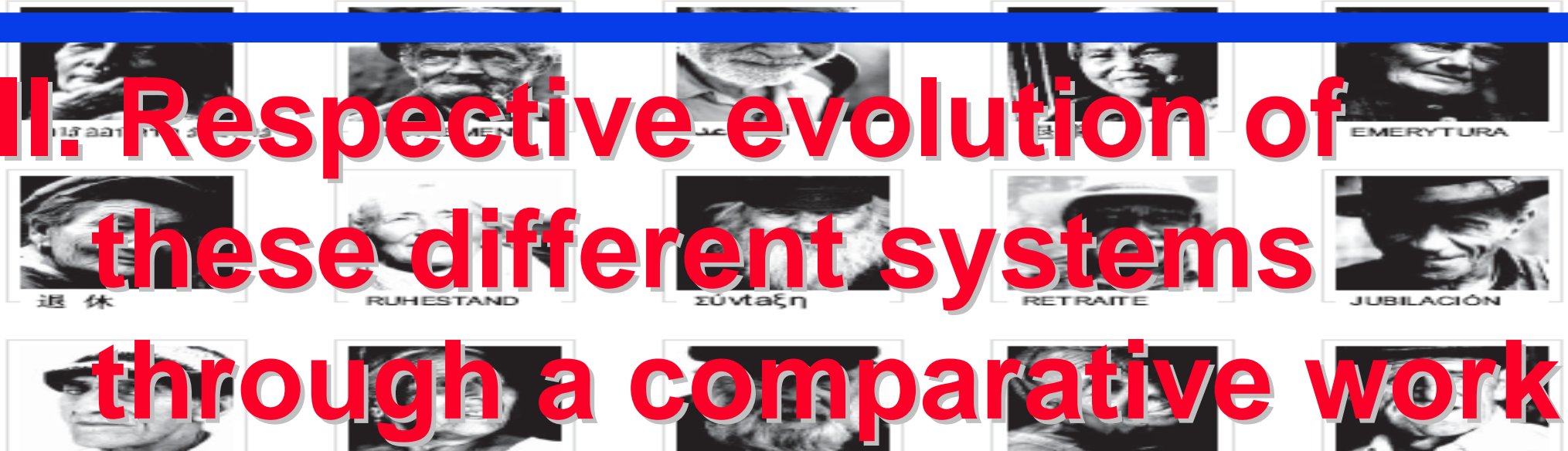
Source: OECD (2008).

## Average size of pension funds (per amount of assets)



Source: OECD (2008).

**II. Respective evolution of these different systems through a comparative work**



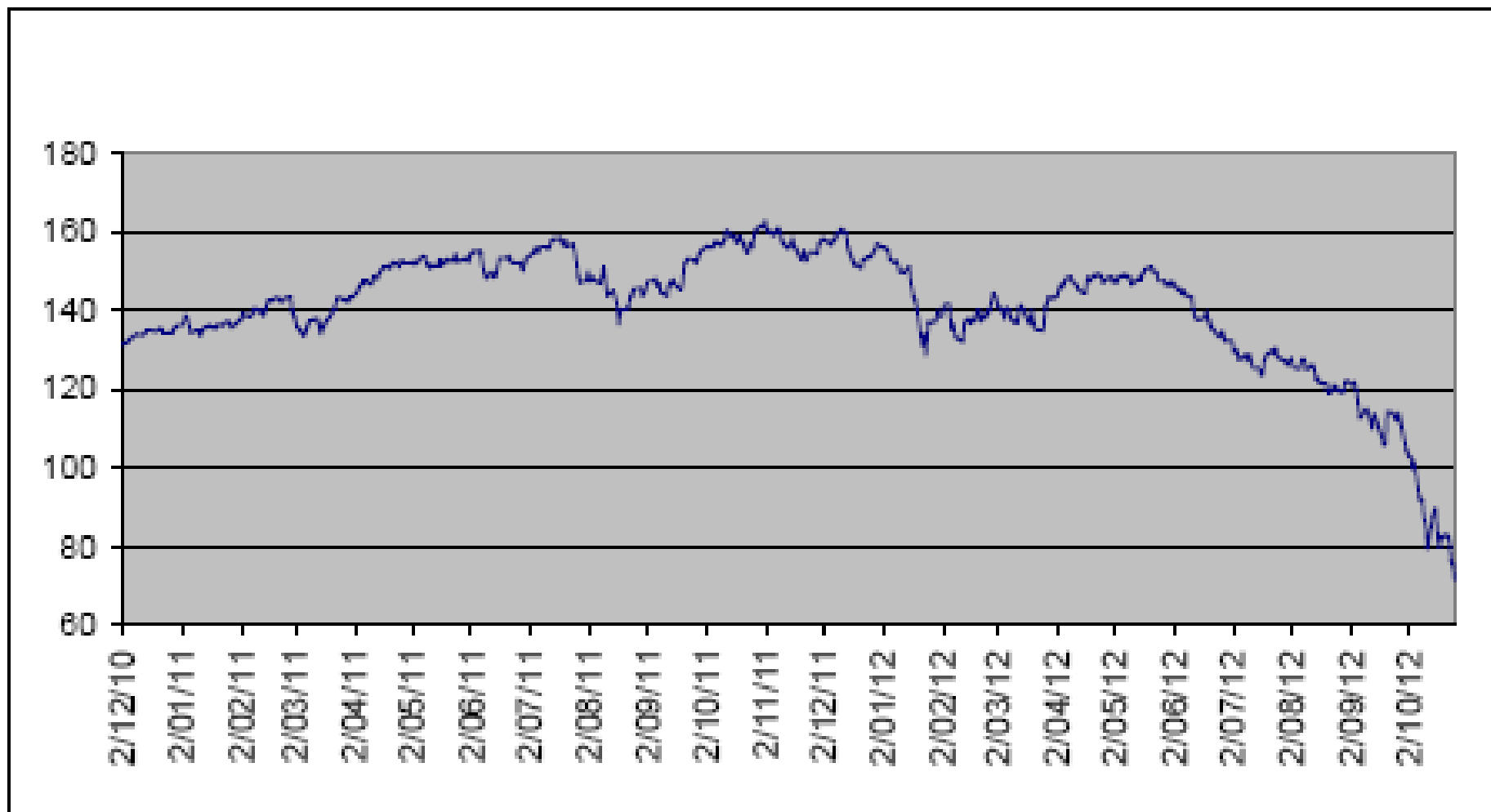
DEPUIS

40 ans

**4) Focus on comparative consequences of financial crisis**

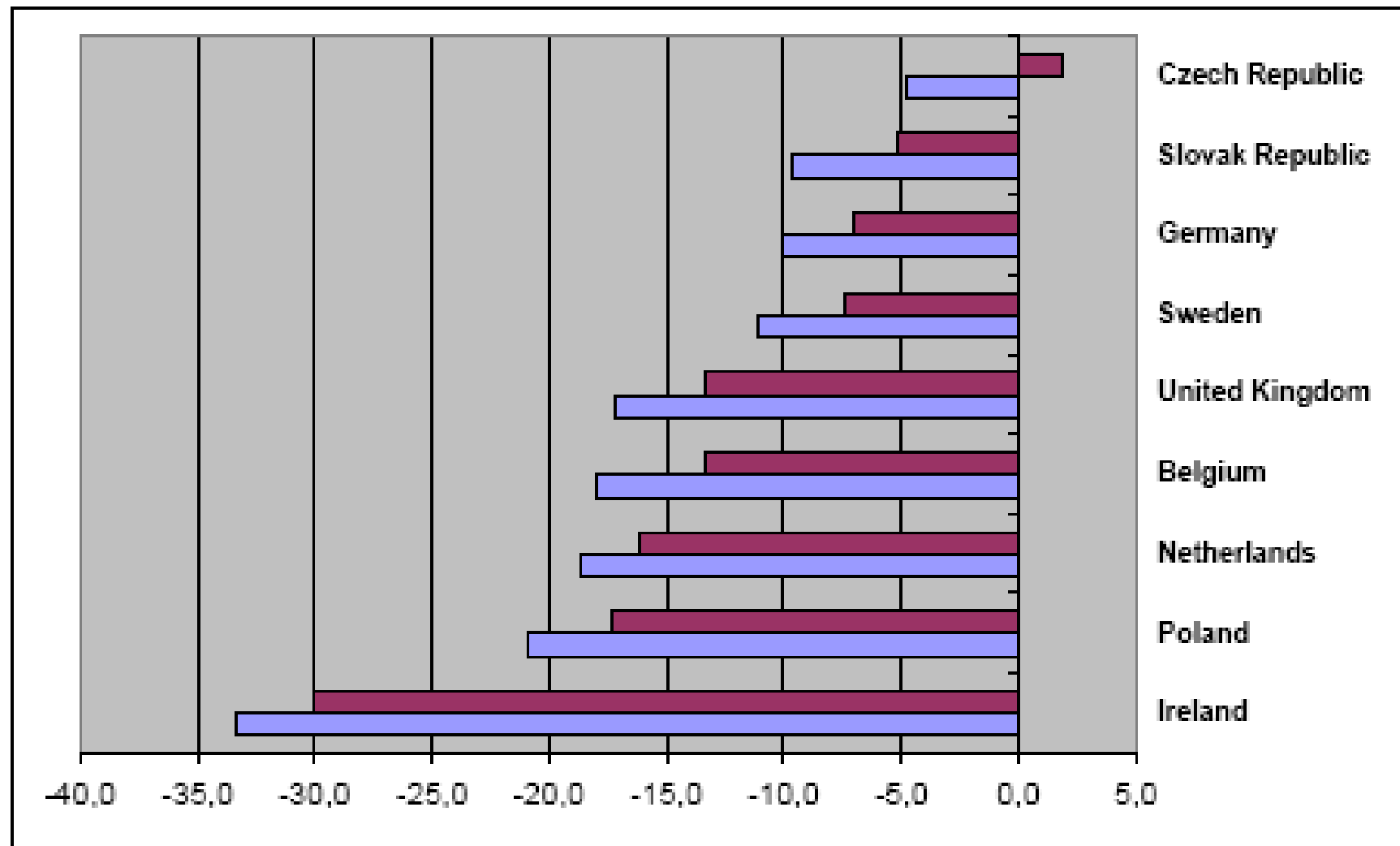
ET POUR LONGTEMPS

# Financial market evolution form December 2006 to October 2008



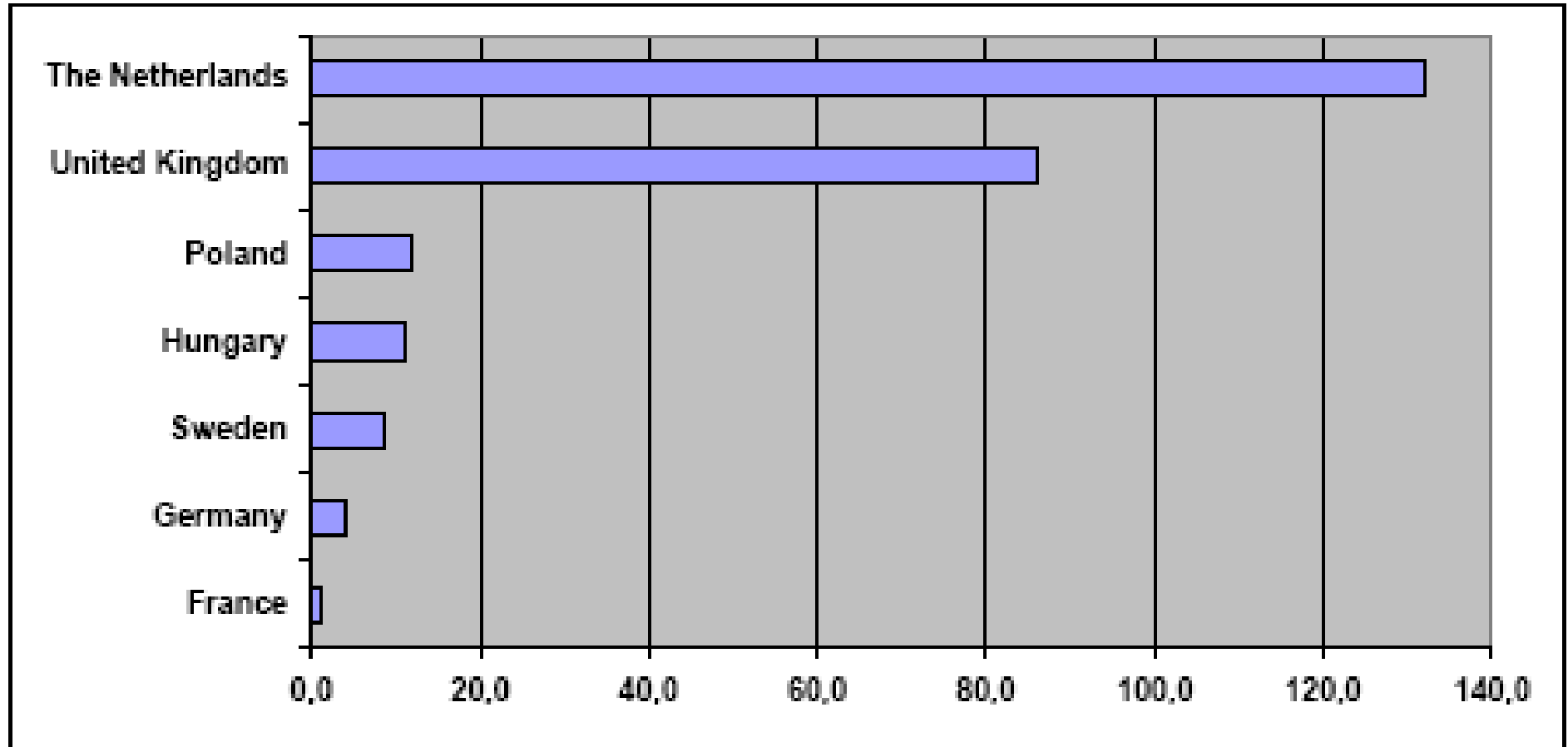
Source : OECD (2008)

# Pension funds results form January to October 2008



Source : OECD (2008)

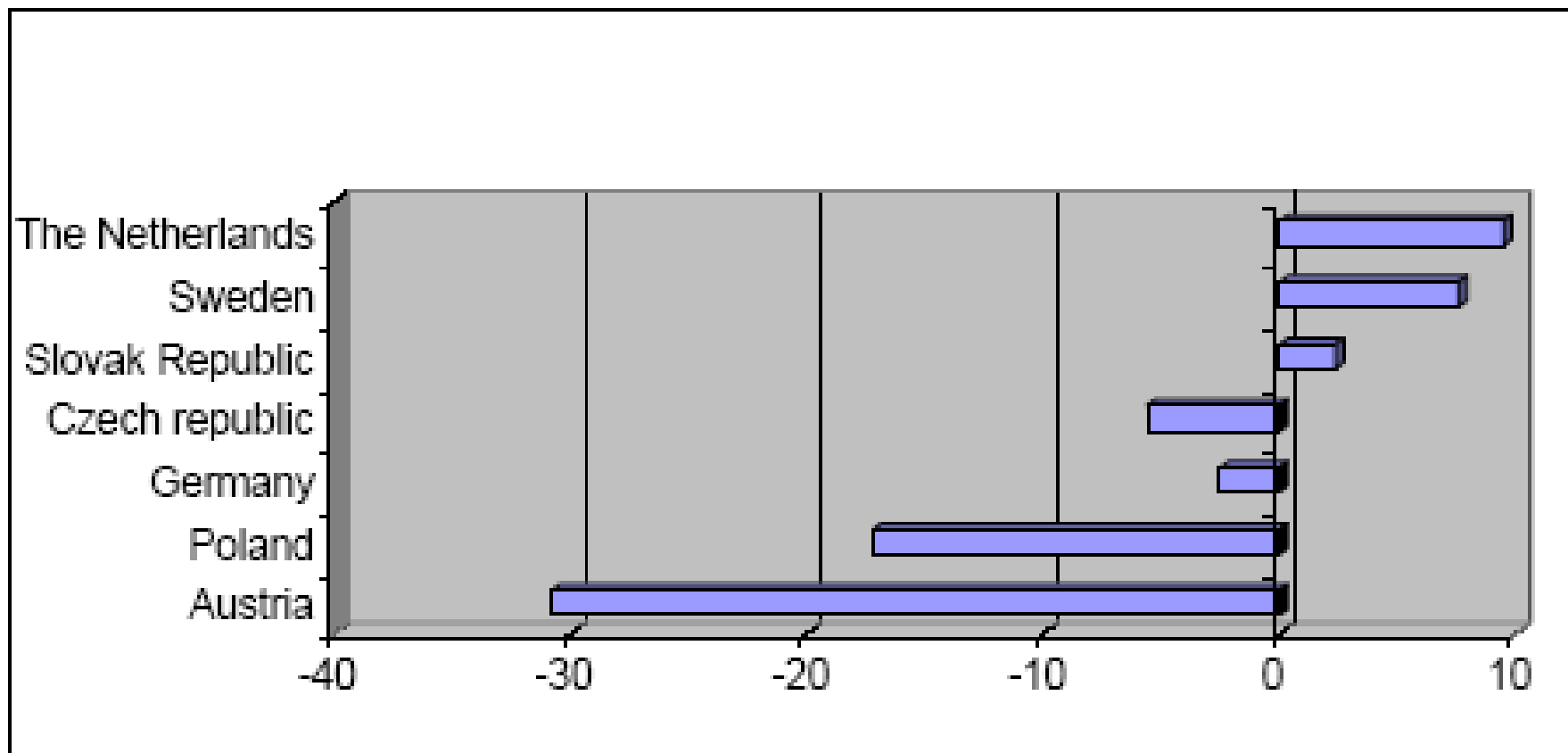
# Importance of pension funds regarding national economy size



Source : OECD (2008)

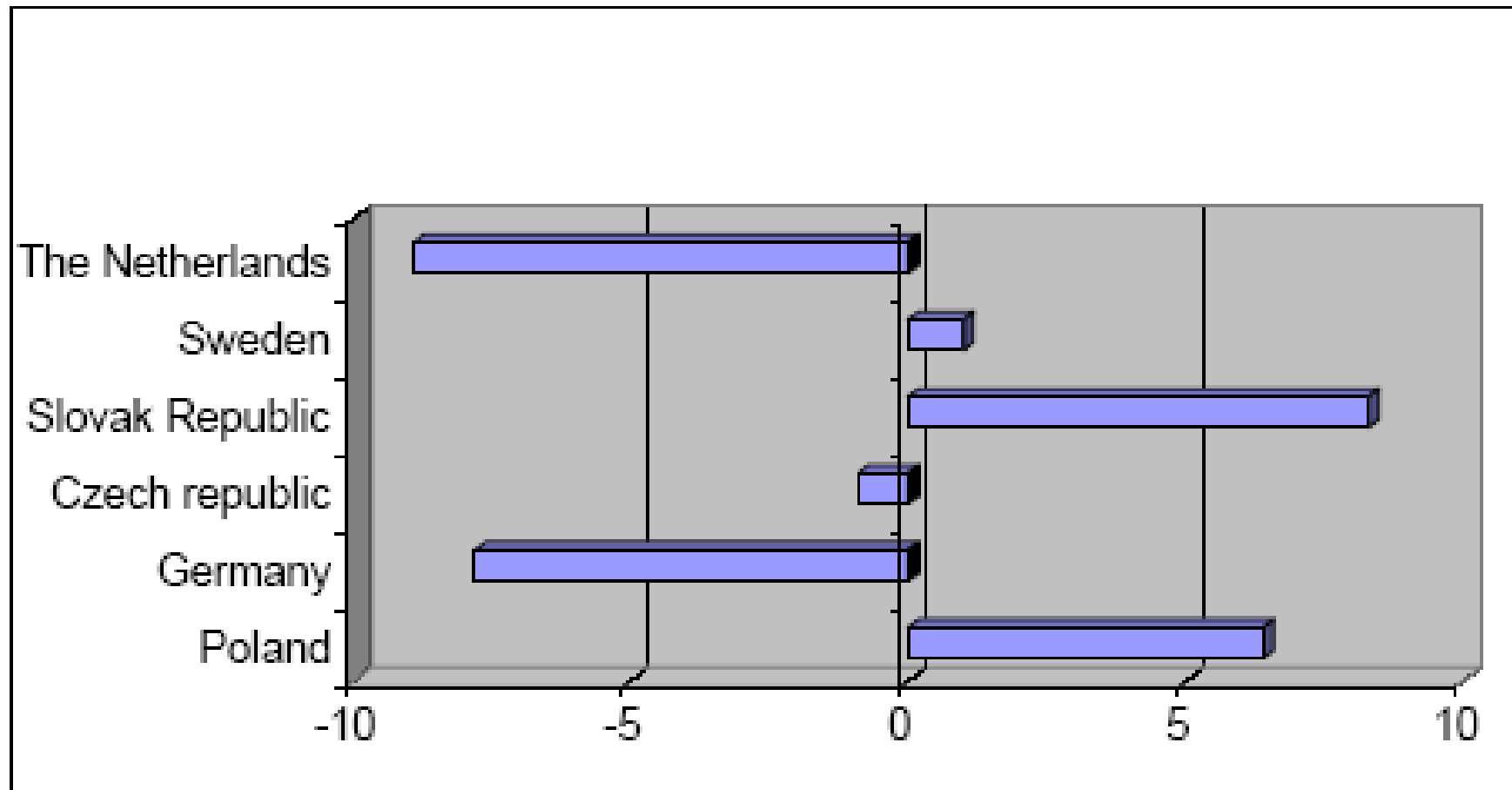


# Evolution of pension funds wallet : bonds share



Source : OECD (2008)

# Evolution of pension funds wallet : assets share



Source : OECD (2008)

## Evolution of buffer funds wallets : bonds and equities share

Country	Name	Founded in	Assets		Equities		Bonds	
			USD billions	As a % of GDP	2001	2007	2001	2007
France	Fonds de réserve des retraites	1999	47.4	1.9	-	64.5	-	33.5
Poland	Demographic reserve fund	2002	1.2	0.3	-	22.7	-	66.8
Sweden	National pension fund (AP1-1P4 and AP6)	2000	137	31.7	56	52.9	37.2	38.5

Source : OECD (2008)

**CONCLUSION**

**The essential is...**



**DEPUIS**

**40 ans**

**ET POUR LONGTEMPS**

- Provide insurance against low income and wealth in old age
- Relieve poverty and redistribute income and wealth
- Avoid important adverse labour market incentives
- Improve the capital market efficiency



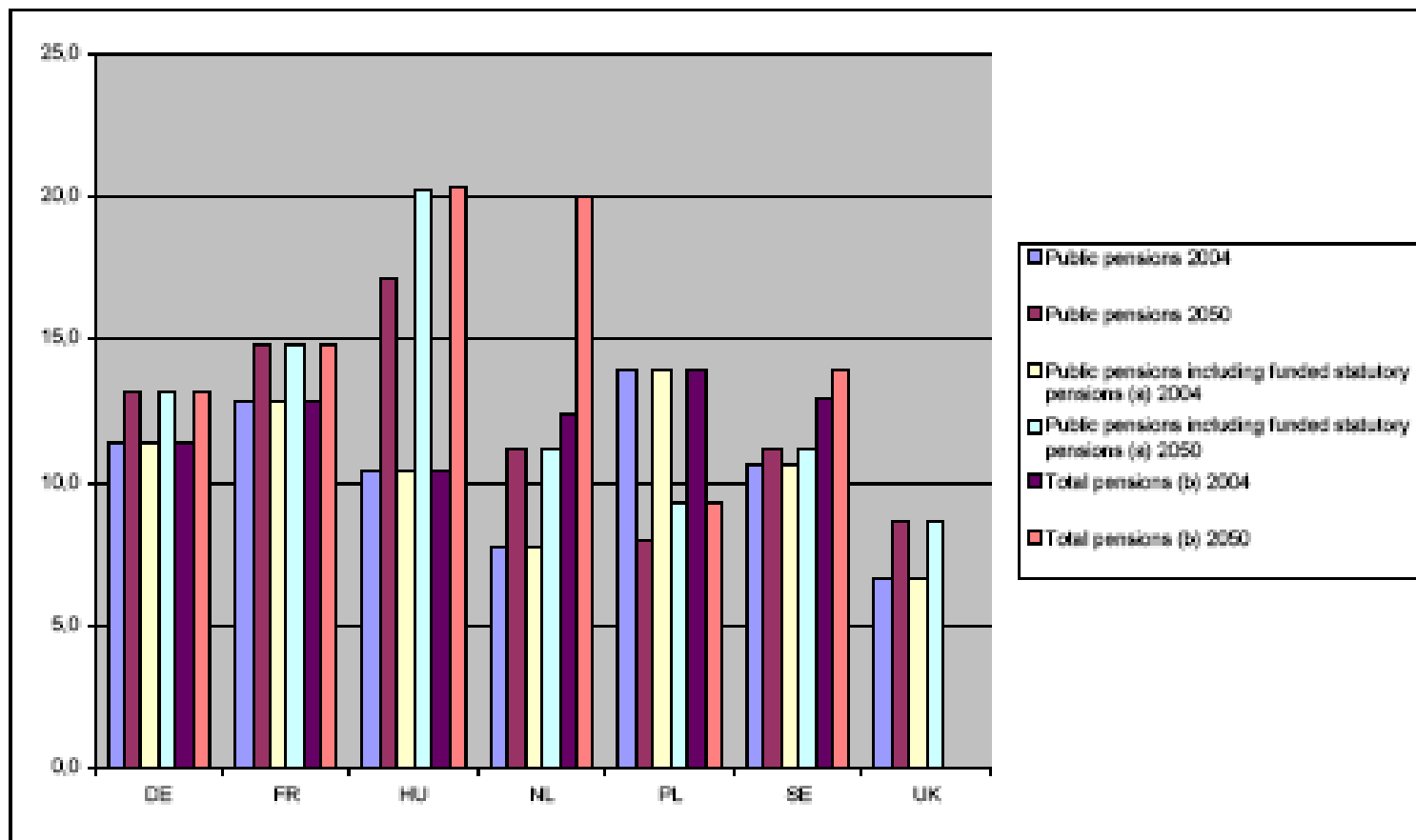
DEPUIS

40 ans

ET POUR LONGTEMPS

# Retirement spending evolution, public and total, projected for 2050

Graph 35. Projection of pension expenditure, public and total, 2004-2050  
(% of GDP)



Source: SPC (2008) and Eurostat.

guillaume.filhon@cnav.fr

OUI  
NEIDE  
YOU

Thank you for your  
attention