

Some key parameters of public PAYGO systems, for selected countries - 2022 or last available date						
Country	Current official retirement age Male/Female (*) (1) (2) (3)	Official future retirement age Male/Female (1) (2) (3) (**)	Contribution rate (4)	Estimated net replacement rate (5) (*) Male / Female	Deficit of the public PAYGO system (6)  (date 2025/2070 for European countries; date 2030/2100 for Latin American countries) (% of GDP)	No. of years of contribution required for accessing a full pension/ No. of years of contribution to be entitled to a partial pension (7)
<b>Europe</b>						
Austria	65 / 60	65 (2033)	22,80	87,10	-5.4 / -5.3	40 / 15
Belgium	65	67 (2030)	16,40	61,90	n.a.	45 / 30
Finland	65	65+ years (2030)	22,40	63,20	-0.7 / -0.5	There are no number of years of contribution requirements; pensions are paid from the age of 65, and 40 years of residence are required. For lesser periods of residence, the pension is reduced in accordance with the pro rata formula.
Germany	65 years and 10 months	67 years (2031)	18,60	52,90	-0.3 / -0.3	Partial pension: At least 5 years of contribution at the official retirement age. If this requirement is not met, there is no pension.
Spain	66 years and 2 months	67 years (2027)	28,30	80,30	-0.9 / 1.5	37 years and 6 months (increasing to 38 years and 6 months by 2027) / 15
France	62	64 years (2030)	27,80	74,40	-3.7 / -1.0	41.5 / 1
United Kingdom	66	68 years (2046)	25.8 (f)	58,10	n.a.	30 / 1
Greece	67	67+ years (2021)	26,50	83,60	-0.9 / -0.5	40 / 15
Netherlands	66 years and 7 months	67+ years (2025)	25,10	89,20	n.a.	There is no number of years of contribution requirement to receive the pension; retirees need only comply with the official retirement age. A partial pension is given to those who have reached the official retirement age but have not lived or worked continuously in the country in the last 50 years prior to the official retirement age.
New Zealand	65	-	21,80	94 / 87.4	-1.2 / -5.0	20 / 20
Ireland	66	67 years (2031)	15.1 g	39,90	-2.6 / -2.3	40.6 / 10
Italy	67	67+ years (2023)	33,00	81,70	-5.4 / -2.6	20 / 20
Luxembourg	65	-	16,00	88,70	-0.4 / -8.1	40 / 20
Portugal	66 years and 7 months	66+ years (2023)	22,70	90,30	0.4 / 0.1	31 / 15
Czech Republic	63 years and 10 months	65 years (2030)	28,00	65,20	-0.4 / -2.4	35 / 35
<b>The Americas</b>						
Argentina	65 / 60	65 / 60	27,00	88.9 / 85.3	-1.4/-11.7 (g)	Full pension: at least 30 years of contributions by the official retirement age.
Brazil	65 / 62	65 / 62	15 - 28 (a)	97.3 / 102.7	-8.9 / -26.2 (g)	30 / 15
Canada	65	65	10.5 b	46,40	0.0 (h)	Full Pension: Can be obtained through the Canada Pension Plan with at least one valid annual contribution.
Colombia	62 / 57	62 / 57	13,00	73.1 / 71.8	-3.2 / -2.9 (g)	Full Pension: At least 1,300 weeks of contributions (27.1 years) by the official retirement age.
Costa Rica	65	65	13,50	84,50	-22.0 / -212.6 (g)	25 / 15
Honduras	65 / 60	65 / 60	6,50	67.1 / 62.9	-20.6/1.7 (g)	Partial pension: at least 180 months of contributions (15 years), by the official retirement age.
Panama	62 / 57	62 / 57	13,50	78.8 / 73.2	n.a.	20 / 15
Peru	65	65	13,00	30 (c)	-19.1 (i)	Full pension: at least 20 years of contributions by the official retirement age/ proportional pension for those with between 10 and 19 years of contributions
Uruguay	60	60	22,50	65.9 (d)	-0.7 / -6.2 (g)	Full pension: at least 30 years of contributions by the official retirement age.
USA	62-70	67 years (2027)	10,60	50,50	-1.3 (j)	Partial pension: at least 10 years of contributions by the official retirement age.
<b>Asia</b>						
China	60 / 50-55-60 (e)	-	20,00	92.4 / 72,3	n.a.	40 / 15
Japan	65	-	18,3	38,7	n.a.	40 / 10

<b>Source: FIAP.</b>
(*) Retirement age and replacement rate: in countries in which no distinction is made between the retirement age and the replacement rate between men and women, it is because it is the same for both sexes.
(**) Official future retirement age: countries with the + sign displayed means that the retirement age is increasing in accordance with life expectancy as of the year in parentheses. In countries with no distinction in the future retirement age between men and women, it is because it is the same for both sexes.
(1) Source for European countries and USA: Finnish Centre for Pensions. <a href="https://www.etk.fi/en/the-pension-system/international-comparison/retirement-ages/">https://www.etk.fi/en/the-pension-system/international-comparison/retirement-ages/</a>
(2) Source for countries in the Americas: <a href="https://www.ssa.gov/policy/docs/progdesc/ssptw/2018-2019/americas/index.html">https://www.ssa.gov/policy/docs/progdesc/ssptw/2018-2019/americas/index.html</a> and FIAP parametric reforms report: <a href="https://www.fiapinternacional.org/publicaciones/reforme-parametricos-en-los-programas-publicos-de-reparto/">https://www.fiapinternacional.org/publicaciones/reforme-parametricos-en-los-programas-publicos-de-reparto/</a>
(3) Source for Asian countries: <a href="https://www.ssa.gov/policy/docs/progdesc/ssptw/2018-2019/asia/index.html">https://www.ssa.gov/policy/docs/progdesc/ssptw/2018-2019/asia/index.html</a>
(4) Source: Social Security Programs Throughout the World ( <a href="https://www.ssa.gov/policy/docs/progdesc/index.html">https://www.ssa.gov/policy/docs/progdesc/index.html</a> ), Pensions at a Glance 2021 database ( <a href="https://www.oecd.org/publications/oecd-pensions-at-a-glance-19991363.htm">https://www.oecd.org/publications/oecd-pensions-at-a-glance-19991363.htm</a> ) and local sources. This rate, in some cases, finances old-age pension, health, maternity, disability and unemployment benefits (e.g. in the UK).
(5) The net replacement rate shows what proportion of the full net pension a retiree earns after taxes and social security contributions (on meeting the number of years of contribution requirements), compared to the net income earned by active workers (for the entire work cycle) after taxes and social security contributions. Note 1: The estimate of the replacement rate of men and women is shown, considering that they earn a wage equal to the average wage of the economy. Note 2: This net replacement rate is in effect in the entire pension system. The OECD simulation assumes that individuals enter the labor market at the age of 20, contribute throughout their careers and retire at the retirement age determined by their country. The calculations are based on the laws of existing pension systems and assume that taxes and social security contributions will not change in the future. A single set of economic assumptions is also assumed, i.e., inflation, real income growth, the rate of return and the discount rate are assumed to be equal for all countries considered. Longevity after retirement is estimated by differentiated mortality rates per country. The reference wage used for calculating the replacement rate is the average of the labor income earned throughout a career. Source: Pensions at a Glance 2021 database, OECD (on the Internet: <a href="https://www.oecd.org/publications/oecd-pensions-at-a-glance-19991363.htm">https://www.oecd.org/publications/oecd-pensions-at-a-glance-19991363.htm</a> ); and Pensions at a Glance Latin American and the Caribbean 2014, OECD (sources are these, except in the case of Peru; see note (c) below).
(6) Source for European countries: Estimate made with data from the "Ageing Report 2021", taking the difference between the volume of contributions to the public system as a % of GDP and public pension expenditure as a % of GDP. The negative number indicates a deficit.
(7) Source: Pensions at a Glance 2021, OECD / Country Profiles; Social Security Programs Throughout the World ( <a href="https://www.ssa.gov/policy/docs/progdesc/ssptw/">https://www.ssa.gov/policy/docs/progdesc/ssptw/</a> ) and <a href="http://ec.europa.eu">ec.europa.eu</a>
(a) Brazil: The contribution rate depends on the worker's income level, fluctuating between 15% and 28%. The employer and worker contribute 50% of the total contribution in each case. More information at: <a href="https://tangerino.com.br/blog/guia-pratico-de-como-calcular-inss-na-folha-de-pagamento/">https://tangerino.com.br/blog/guia-pratico-de-como-calcular-inss-na-folha-de-pagamento/</a>
(b) Canada: It is the contribution rate of the Canada Pension Plan (CPP), one of the components of this country's public PAYGO system.
(c) Source for Peru: A Look at the Peruvian Pension System by 2050, BBVA.
(d) Source: Costa Rica/Honduras/Panama/Uruguay: Pensions at a Glance Latin American and the Caribbean 2014 ( <a href="https://www.oecd-ilibrary.org/finance-and-investment/oecd-pensions-at-a-glance_pension_glance-2014-en">https://www.oecd-ilibrary.org/finance-and-investment/oecd-pensions-at-a-glance_pension_glance-2014-en</a> ).
(e) The retirement age in China is 60 for professional men or women, 55 for non-professional dependent workers, and 50 in all other categories of women (for example, the self-employed).
(f) United Kingdom / Ireland: This contribution rate considers the worker's weekly income or wage.
(g) Source Argentina/Brazil/Colombia/Costa Rica/Honduras/Uruguay: "Growing Pains: Is Latin America Prepared for Population Aging?" (IMF, 2018). Available at: <a href="https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2018/04/16/Growing-Pains-Is-Latin-American-Prepared-for-Population-Aging-45382">https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2018/04/16/Growing-Pains-Is-Latin-American-Prepared-for-Population-Aging-45382</a>
(h) Source Canada: Fiscal Sustainability Report 2022. Available on the Internet: <a href="https://distribution-a617274656661637473.pbo-dpb.ca/faf2336e3e33f177db17e07f924f79858bc02357a5d58b1c77a55afc3d0598d8">https://distribution-a617274656661637473.pbo-dpb.ca/faf2336e3e33f177db17e07f924f79858bc02357a5d58b1c77a55afc3d0598d8</a> ; projection corresponds to the Canada Pension Plan (CPP) towards the year 2046.
(i) Source Peru: Data provided by the Peruvian Association of AFPs. Corresponding to the year 2022.
(j) US source: <a href="https://www.ssa.gov/oact/TRSUM/">https://www.ssa.gov/oact/TRSUM/</a> . The figure refers to a projection of the annual actuarial deficit of the system by the year 2097.

### **Main trends observed**

Due to the ongoing aging of the world's population, the PAYGO systems are in serious financial straits. This has led many countries to constantly adjust their parameters, or to seriously deteriorate their public finances, leading to a situation that could become unsustainable over time.

In order to study the current and future situation of these systems, an update of the table **“Some key parameters of public PAYGO systems,”** for a group of countries in Europe, the Americas and Asia, is presented. Some trends found are the following:

1. The current minimum retirement age in Europe in 2022 varies between 60 (women in Austria) and 67 (Greece and Italy, men and women). However, the future minimum retirement age will be 64 in Europe (France as of 2030) and there will be no differentiation between men and women. The most notable increases in the retirement age in the last year occurred in the Netherlands (3 months), Spain (2 months) and Germany and Portugal (one month). There are no significant changes in the minimum retirement ages of countries in Asia and the Americas.

2. The contribution rates to public PAYGO systems vary between 6.5% (Honduras) and 33% (Italy) and are general higher in European countries (the average in European countries is 23%, compared to an average of 16% in countries in the Americas).

3. All European PAYGO systems will be in deficit by 2025, with the exception of Portugal (with a surplus of 0.4% of GDP) and it is estimated that almost all these countries will remain in deficit by 2070 (the country with the largest deficit in that year would be Luxembourg, with 8.1% of GDP). All countries in the Americas are expected to be in deficit in the short and long term, with the exception of Canada (which is balanced). The countries in the Americas with the largest deficit by 2100 will be Costa Rica (212.6% of GDP) and Brazil (26.2% of GDP).

4. Net replacement rates (OECD estimate for a worker earning the average wage in the economy) range between 30% (Peru) and 102.7% (women in Brazil). The replacement rate is a consequence of all other parameters such as the contribution rate, retirement age, public expenditure, and the number of years of contribution required for accessing a full or partial pension.

5. Most countries require a minimum number of years of contribution to the system to obtain a full pension, and this varies between 20 years (Hungary, Italy, Panama) and 45 years (Belgium). Other countries, in turn, require a minimum number of years of contribution to access a partial pension, ranging from 1 year (France and the United Kingdom) to 30 years (Belgium). It is important to note that those who do not meet the requirements for obtaining a partial pension do not receive a contributory pension and therefore lose everything contributed during their working lives.