Some key parameters of public PAYGO systems in selected countries - 2023 or last available date

Country	Current official Male/Female retirement age (*) (1) (2) (3)	Approved future Male/Female retirement age (1) (2) (3) (**)	Retirement age linked to life expectancy	Contribution rate (4)	Estimated net replacement rate (5) (*) Male / Female	Deficit of the public PAYGO system (6) (2025/2070 for European countries; 2030/2060 for Latin American countries) (% of GDP)	No. of years of contribution for accessing a full pension/ No. of years of contribution for accessing a partial pension (7)
Europe							
Austria	60 years and 6 months	65 (2033)	No	22,80	87,40	-4.6 / -4.3	40 / 15
Belgium	65	67 (2030)	No	16,40	60,90	n.a.	45 / 30
Finland	64 years and 6 months - 69	65 (2027)	Yes	24,85	65,10	1.6 / 0.8	There are no years of contribution requirements; pensions are paid from the age of 65, and 40 years of residence is required. For lesser periods of residence, the pension is reduced based on a pro rata formula.
Germany	66	67 (2031)	No	18,60	55,30	-0.7 / -0.5	Partial pension: At least 5 years of contributions at the official retirement age. If this requirement is not met, there is no pension.
Spain	66 years and 4 months	67 (2027)	No	28,30	86,50	-0.4 / -2.7	37 years and 6 months (increasing to 38 years and 6 months by 2027) / 15
France	62 years and 6 months	64 (2032)	No	27,80	71,90	-3.3 / - 2.5	41.5 / 1
United Kingdom	66	68 (2046)	No	33,80	54,40	n.a.	30 / 1
Greece	67	-	Yes	26,00	90,00	-0.9 / -1.6	40 / 15
The Netherlands	67	67 years and 3 months (2028)	Yes	22,50	93,20	n.a.	There are no number of years of contribution requirements for accessing a pension; meeting the official retirement age is the only requirement. A partial pension is awarded to those who reach 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.
Hungary	65	-	No	19,30	78.8/73.7	-0.8 / -5.2	20 / 20
Ireland	66 - 70	-	No	14,10	36,10	-0.9 / -1.8	40.6 / 10
Italy	67	-	Yes	33,00	82,60	-5.0 / - 2.4	20 / 20
Luxembourg	65	-	No	16,00	86,90	-0.018 / -8.0	40 / 20
Portugal	66 years and 4 months	66 years and 7 months (2025)	Yes	22,70	98,80	1.2 / -0.1	31 / 15
Czech Republic	64 years and 2 months	65 (2030)	No	28,00	58,90	-0.3 / -2.8	35 / 35
The Americas							
Argentina	65 / 60	65 / 60	No	21.17 - 27 (a)	81.1 / 78.3	-7.6 / -14.8	Full pension: at least 30 years of contributions at the official retirement age.
Brazil	65 / 62	65 / 62	No	27.5 - 34 (b)	80,00	-8.6 / -28.3	30 / 15
Canada	65	65	No	11.9 (c)	44,20	-0.23 (d)	Full pension: obtained with at least one valid annual contribution in the Canada Pension Plan.
Colombia	62 / 57	62 / 57	No	16,00	73.5 / 73.0	-1.2 / -4.0 (e)	Full pension: at least 1,300 weeks of contribution (27.1 years) at the official retirement age.
Costa Rica	65	65	No	11,16	74,50	-3.8 / -11.2	25 / 15
Honduras	65 / 60	65 / 60	No	6,50	70.3 / 65.9	-1.5 / -1.8	Partial pension: at least 180 months of contributions (15 years), at the official retirement age.
Panama	62 / 57	62 / 57	No	14,30	80.4 / 74.6	-1.4 / -5.1	20 / 15
Peru	65	65	No	13,00	42.9 / 51.9	-0.4 / - 2.8	Full pension: at least 20 years of contributions at the legal retirement age / Proportional pension for those with between 10 and 19 years of contributions
Uruguay	60	65	No	22,50	49,10	- 6.3 / -11.9	Full pension: at least 30 years of contributions at the official retirement age.
USA	62-70	-	No	10,60	50,50	-1.2 (f)	Partial pension: at least 10 years of contributions at the official retirement age.
Asia							
China	60 / 50-55-60 (g)	-	No	20,00	44.0 (h)	n.a.	40 / 15
Japan	64 / 63	65 (2025) / 65 (2030)	No	18,3	38,8	n.a.	40 / 10

Drawn up by: FIAP

(*) Retirement age and replacement rate: the same for both sexes in countries with no distinction between them.

(**) Approved future retirement age: the year in which the approved future retirement age will become effective is shown in parentheses in the countries column. The approved future retirement age is the same for both sexes in countries with no distinction between them.

(1)	Source for European countries, USA and Japan: Finish Center for Pensions. https://www.etk.fi/en/the-pension-system/international-comparison/retirement-ages/
(2)	Source for countries in the Americas https://www.ssa.gov/policy/docs/progdesc/ssptw/2018-2019/americas/index.html and FIAP parametric reforms report: https://www.fiapinternacional.org/publicaciones/reformas-parametricas-en-los-programas-publicos-de-reparto/
(3)	Source for Asian countries (China): https://www.ssa.gov/policy/docs/progdesc/ssptw/2018-2019/asia/index.html
(4)	Source: Social Security Programs Throughout the World (https://www.ssa.gov/policy/docs/progdesc/index.html), Pensions at a Glance 2023 database (https://www.oecd.org/en/publications/pensions-at-a-glance-2023_678055dd-en.html), 2020 Pension Indicators for Latin America and the Caribbean (https://publications.iadb.org/en/2020-pension-indicators-latin-america-and-caribbean), and local sources. In some cases this rate finances old-age disability pensions, and health, maternity, and unemployment benefits (for example, in the United Kingdom).
(5)	The net replacement rate is the proportion of the full pension obtained by a retiree, after taxes and after meeting the number of years of social security contribution requirements, based on the net income obtained throughout the work cycle. Note 1: The OECD's estimate of the replacement rate for men and women in European and Asian countries is shown, considering that they earn a salary equal to the average salary of the economy (this net replacement rate is for the entire pension system). Note 2: The IDB's estimate of the replacement rate in PAYGO systems in Latin American countries (defined benefit component only) throughout the Latin American and Caribbean Pension Network (RedPLAC) is shown. The OECD's simulation assumes that people enter the labor market at the age of 20, contribute throughout their careers and retire at the country's official retirement age. Calculations are based on the rules and regulations of existing pension systems, assuming that taxes and social security contributions will not change in the future. There is also a unique set of economic assumptions, i.e. inflation, real income growth, rate of return and discount rate are assumed to be the same for all countries considered. Longevity after retirement is based on mortality rates per country. The reference salary used for calculating the replacement rate is the average of the wages earned throughout the career. Source: "Pensions at a Glance 2023" database, OECD (on the Internet: https://www.oecd.org/en/publications/pensions-at-a-glance-2023_678055dd-en.html); and "2020 Pension Indicators for Latin America and the Caribbean" (https://publications.iadb.org/en/2020-pension-indicators-latin-america-and-caribbean).
(6)	Source: For European countries, an estimate based on data from the "Ageing Report 2024", taking the difference between the volume of contributions to the public PAYGO system and public pension expenditure as a percentage of GDP. Negative numbers indicate a deficit. The "2020 Pension Indicators for Latin America and the Caribbean" data is used for Latin American countries (https://publications.iadb.org/en/2020-pension-indicators-latin-america-and-caribbean).
(7)	Source: Pensions at a Glance 2021, OECD / Country Profiles; Social Security Programs Throughout the World (https://www.ssa.gov/policy/docs/progdesc/ssptw/) and ec.europa.eu
(a)	Argentina: workers contribute 11% of salary. The employer contributes 10.17% or 12.71% of salary, depending on the type of private sector company; or 16% in the case of public servants.
(b)	Brazil: The worker's contribution rate depends on his level of income [7.5% of salary up to the current minimum wage (R$1,045); 9% for salaries of R$1,045.01 to R$2,089.60; 12% for salaries of R$2,089.61 to R$3,134.40; or 14% for salaries above R$3,134.40, and up to R$6,101.06 (February 2020), which is the cap of the taxable base salary and benefits in the regular regime]. Other reduced rates exist for rural workers, voluntary taxpayers, and low-income workers.These income ranges are adjusted annually based on the consumer price index, usually in January. Employers contribute 20% of the salary (there are reduced rates and different bases for rural producers, national employers, philanthropic entities and small businesses).
(c)	Canada: This is the CPP contribution rate (Canada Pension Plan, one of the components of the country's public pension system) for those who earn less than the annual income ceiling (CAD 66,000, approx. US$ 49,786). Source: https://www.canada.ca/en/revenue-agency/news/2023/05/the-canada-pension-plan-enhancement--businesses-individuals-and-self-employed-what-it-means-for-you.html
(d)	Source Canada: Fiscal Sustainability Report 2023. Available on the Internet: https://www.pbo-dpb.ca/en/publications/RP-2324-011-S—fiscal-sustainability-report-2023—rapport-viabilite-financiere-2023#pb!sd; projection for the Canada Pension Plan (CPP) by 2047.
(e)	Colombia: This is a projection of the deficit of the Average Premium Plan (PAYGO system) in 2024 and by 2060, provided by the Colombian Association of Pension and Unemployment Fund Managers (Asofondos), considering the pension reform approved in 2024 (under which contributions on salaries up to 2.3 times the minimum wage are paid into the PAYGO system managed by Colpensiones).
(f)	USA case source: https://www.ssa.gov/oact/TRSUM/. This is a projection of the annual actuarial deficit of the system by 2098.
(g)	In China, the retirement age is 60 for professional men or women, 55 for non-professional dependent workers, and 50 for the remaining categories of women (the self-employed, for example).
(h)	Chinese source for the net replacement rate: https://assets.kpmg.com/content/dam/kpmg/cn/pdf/en/2023/06/china-pensions-reform.pdf.

Main trends observed

Due to ongoing global population aging, the PAYGO systems are in serious financial straits. This has led many countries to constantly adjust their parameters, or allow their public finances to seriously deteriorate, creating situations that could become unsustainable over time.

To gauge the current and future situation of these systems, an update of the table "Some key parameters of public PAYGO systems" is presented for a group of countries in Europe, Asia and the Americas. Some of the trends found are the following:

1. The minimum retirement age in Europe in 2023 varies between 60 years and 6 months for women in Austria, and 67 for men and women in Greece, Italy and the Netherlands. The minimum retirement age in the Americas in 2023 fluctuated between 57 for women in Colombia and Panama) and 65 for men in Argentina, Brazil and Honduras, and for men and women in Canada, Costa Rica and Peru. The minimum future retirement age in Europe is 64 (France as of 2032), with no differentiation between men and women. Such differentiation does exist in most countries in the Americas however, such as Argentina, Brazil, Colombia, Honduras and Panama. In Europe, the most notable increases in the retirement age in the last year occurred in France (6 months), the Netherlands (5 months), and the Czech Republic (4 months). There were no significant changes in the minimum retirement ages, or in approved future retirement ages, in countries in the Americas in the last year, except in Uruguay, where it will gradually increase for both sexes born after 1973, and to 65 for both sexes born after 1977. The official retirement age is linked to increases in life expectancy in 5 of the European countries shown in the table: Finland, Greece, the Netherlands, Italy and Portugal, as well as in other countries not shown in the table, such as Cyprus, Estonia, Sweden and Denmark.

2. Contribution rates to public PAYGO systems vary between 6.5% in Honduras and 33% in Italy and the United Kingdom. They are generally higher in European countries, with an average of 23.6%, compared to an average of 16.7% for countries in the Americas.

3. All European PAYGO systems will be in deficit by 2025, with the exception of Portugal, which will have a surplus of 1.2% of GDP, and Finland, with a surplus of 1.6% of GDP. It is estimated that almost all of these countries will be in deficit by 2070, with Luxembourg having the biggest deficit of 8% of GDP). All countries in the Americas are projected to have deficits in the short and long term. Brazil (at 28.3% of GDP), Uruguay (at 11.9% of GDP) and Costa Rica (at 11.2% of GDP) stand out as the countries with the highest deficits by 2060.

4. Net replacement rates (OECD estimate for a worker earning the average wage of the economy), range from 36.1% (Ireland) to 98.8% (Portugal). The average net replacement rate in Europe is close to 74%, and approaching 66% in the Americas. The replacement rate is a consequence of all other parameters, such as the contribution rate, the retirement age, the deficit of the public system and the years of contributions required for accessing a full or partial pension.

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