

Key results

The expected years in retirement indicator measures the length of expected remaining life expectancy from the time of average labour market exit by gender. In 2014 the OECD average for the number of expected years in retirement was 17.6 years for men and 22.3 years for women. France had the highest expected time in retirement, where it was equal to 23.0 years for men 27.2 years for women. Korea had the lowest expected years in retirement and here it was 11.4 years for men and 16.6 years for women. The average duration of expected years in retirement across OECD countries has increased over time. In 1970 men in the OECD countries spent on average 11 years in retirement, and women 15. By 2014 this had increased to 18 and 22 years respectively.

The expected years in retirement illustrates the length of the expected remaining life expectancy from the time of average labour market exit. Men typically can expect to spend fewer years in retirement than women: 4.7 years less than women on average in the OECD (Figure 7.10). Women can expect to spend more than 25 years in retirement in Austria, Belgium, France, Italy, Luxembourg and Slovenia (Figure 7.10, Panel A). Similarly, men can expect to spend more 20 years in retirement in Belgium, Finland, France, Greece, Italy and Spain (Figure 7.10, Panel B). Women's expected duration of retirement measured at the average age of labour market exit was below 20 years in Chile, Iceland, Korea, Mexico, New Zealand, Portugal, Turkey, and below 15 years, for men, in Korea, Mexico and Turkey.

In Poland, the Slovak Republic and Slovenia the gender gap in the expected duration of retirement was seven years or more. Longer periods in retirement expose women to old-age income poverty, as in some countries price indexation magnifies the impact of gender pay gaps, observed in all OECD countries, on pension benefits and of longer life expectancies.

The duration of expected years in retirement for women in emerging countries varies from 20 years in China to 16 years in South Africa. For men it varies from 13 years in Brazil to 9.6 years in South Africa.

The average length of retirement measured at labour market exit has increased over time. In 1970 men in the

OECD countries spent on average 11 years in retirement and by 2014 they could expect an average duration of retirement of 18 years (Figure 7.11, Panel B). Women who could expect to stay in retirement for 15 years on average in 1970, would enjoy a duration of retirement equal to 22 years in 2014 (Figure 7.11, Panel A). The increase in the expected duration of retirement from 1970 to 2014 is due both to a drop in the effective exit age from the labour force and to increased longevity.

The expected years in retirement increased gradually from 1970 to the late 1990s from a gradual decrease in the effective labour market exit age. After some relatively stable years, that average effective labour market exit age started to increase slowly from 2004. Life at the effective exit age has increased substantially during this period, particularly for women, and over the last two decades for men as well. Over the past few years, this increase has been roughly equal to that of the exit age and the expected years in retirement have stabilised.

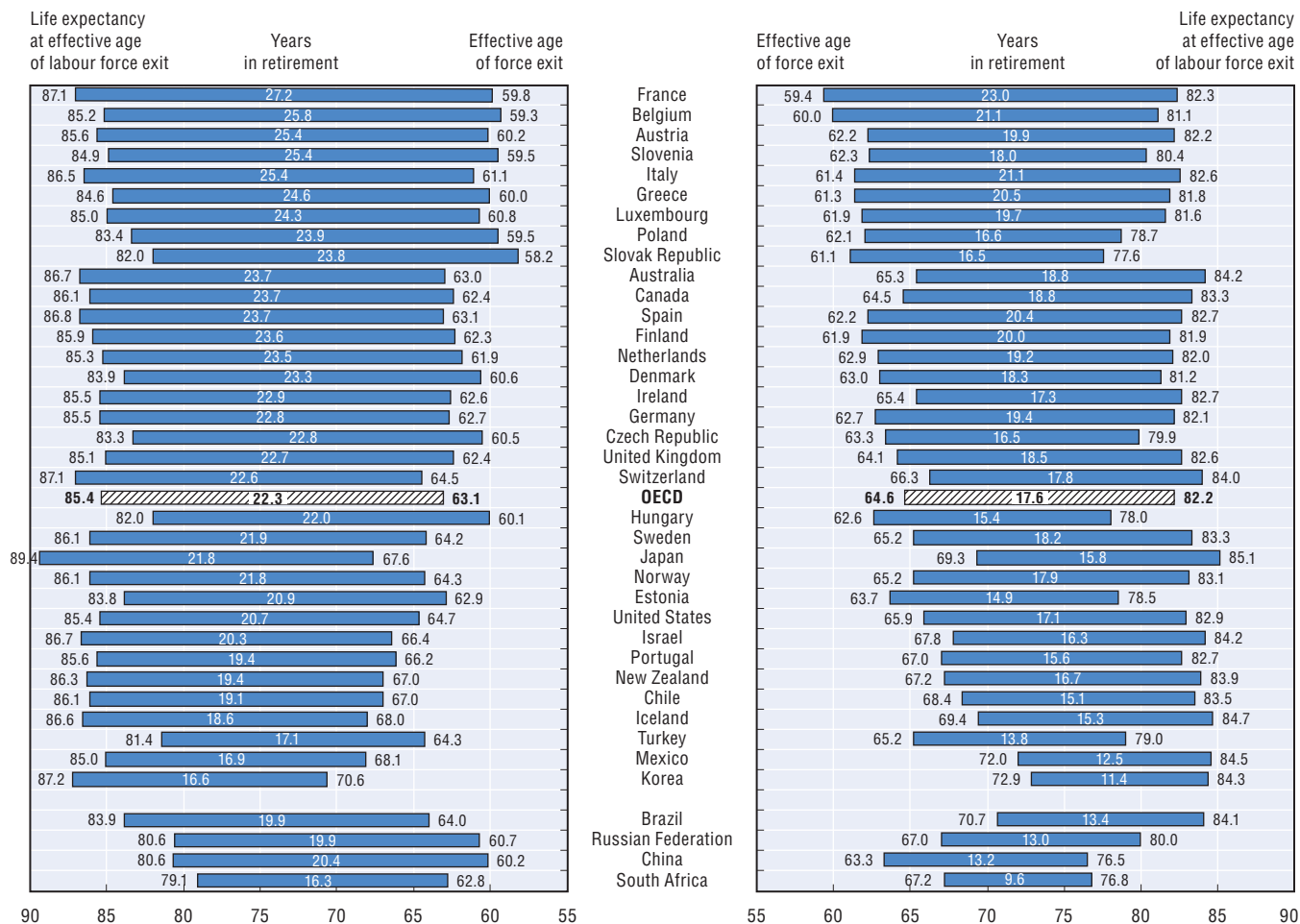
Definition and measurement

Expected years in retirement is life expectancy measured at the age of effective labour market exit for men and women. Estimates of remaining life expectancy are calculated based from the UN World Population Prospects, the 2012 revision dataset.

7.10. Expected years in retirement by gender in 2014

Panel A. Expected years in retirement, women (~), 2014

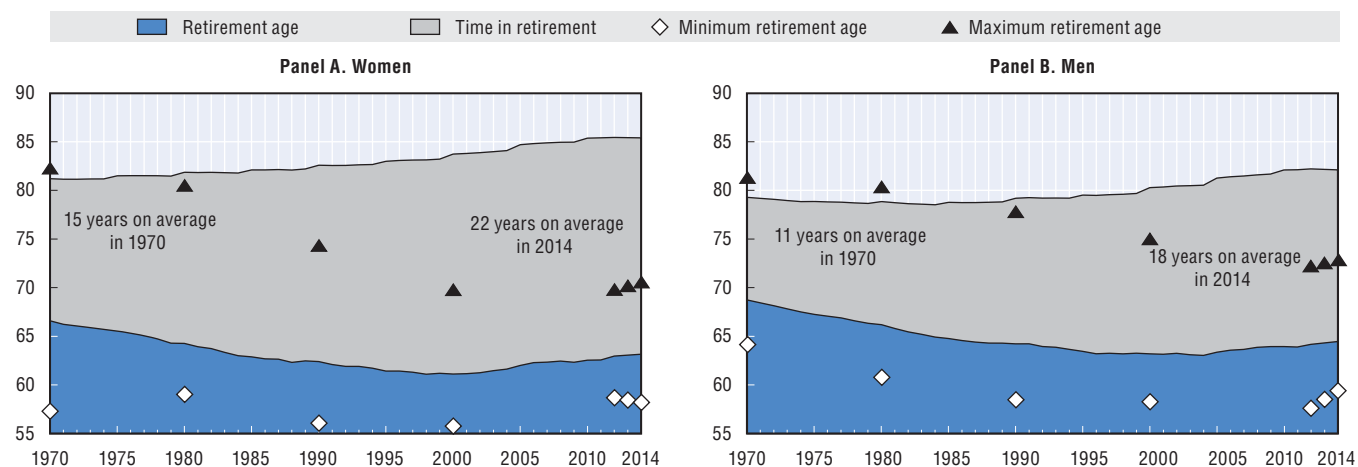
Panel B. Expected years in retirement, men, 2014



Note: Effective retirement age shown is for five year period 2007-12; data for Israel is 2011. Pensionable age is shown for 2014.
 Source: OECD estimates based on the results of national labour force surveys and the European Union Labour Force Survey (EU-LFS).

StatLink <http://dx.doi.org/10.1787/888933300832>

7.11. Average years in retirement across all OECD countries, 1970-2014



Source: OECD estimates based on the results of national labour force surveys, the European Union Labour Force Survey (EU-LFS) and, for earlier years in some countries, national censuses.

StatLink <http://dx.doi.org/10.1787/888933300848>

Chapter 8

Incomes and poverty of older people

These three sets of indicators look at the economic situation of older people in recent years. The first indicator examines the income of older people, comparing them with the population as a whole. It also shows the income sources of older people whether the incomes sources come from publicly provided benefits, earnings or private pensions and on other savings.

The second indicator looks at poverty of older people. It shows the proportion of older people living on incomes of less than half the national median income. It also compares the poverty rates of older people with poverty rates of the population as a whole.

The final indicator presents the “Average worker earnings” that underpin all pension modelling. These data are used widely in the report and many values for parameters and all modelling results for pension entitlements are reported as percentages of national average worker earnings.



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