

4. Pensionable years

Definition and measurement

Pensionable years is the numbers of years that men and women can expect to live following attaining a measure of the actuarially neutral pensionable age in 2010 (described here as the official age of pension entitlement), which is a policy choice variable. For more discussion of estimates of pensionable age see OECD (2011).

International comparisons of age at actual labour force exit rely on indirect measures from cross-sectional data. Indirect measures treat those above a certain age as retired if they are not in the labour force (average age at labour force exit). Net movements into retirement are proxied by the changes over time in proportions of older population not in the labour force. This indirect measure is the average effective age of retirement. The official age of retirement is also complex to pin down, especially when retirement is based on fixed years of pension contribution. For more discussion see OECD (2011).

The average effective age of retirement is derived from observed participation rate changes over a five-year period for successive cohorts of workers (by five-year age groups) aged 40 and over. Years in retirement are life expectancy estimates at age of exit from the *United Nations, World Population Prospects – 2008 Revision* dataset.

For both men and women the most common official age of pension entitlement in OECD countries is 65 (SS4.1).

Age 60 is also a very common pensionable age. Higher and lower official ages exist in some countries, as do differences between men and women. In the cases where there is a gender difference, women can always get an earlier pension.

The duration of pensionable years gives an indication of fiscal pressures on the pension system in the context of

an ageing population. Pensionable years exceeded 27 years for women in Italy (the highest), Slovenia, Greece and France. They exceeded 20 years for men in Greece (the highest), Italy, France, Belgium and Korea. Pensionable years were notably low for women in Iceland, Mexico and Norway, at about 19 years, and low for men – roughly 14-15 years – in the Slovak Republic, Poland and Estonia.

Men can expect to spend five fewer years reliant on a pension than women on average (SS4.1). In eleven countries women still had the right to obtain a pension earlier than men and in all countries women had a longer life expectancy. In Austria, Poland and the United Kingdom this gap was about eight years. Such a situation is likely to mean that women will be more exposed to pensioner poverty, exacerbated by earnings based pension schemes and the historical gender pay gap.

There are big differences in the age where people were estimated to actually retire, as opposed to the age at which they become pension eligible (SS4.2). The difference in actual retirement ages between Luxembourg, at the lowest, and Mexico, at the highest, exceeded 14 years for men. Men generally tended to retire later than women, with Turkey and Spain being exceptions. The actual decision to retire, as opposed to the right to obtain a pension, depends on more than the pensionable official retirement age. Relevant factors include health, labour market conditions, generosity and tax treatment of retirement income, private savings, family obligations, spousal labour supply, and workplace attitudes to older people.

Further reading

OECD (2011), *Pensions at a Glance*, OECD, Paris (www.oecd.org/els/social/pensions/PAG).

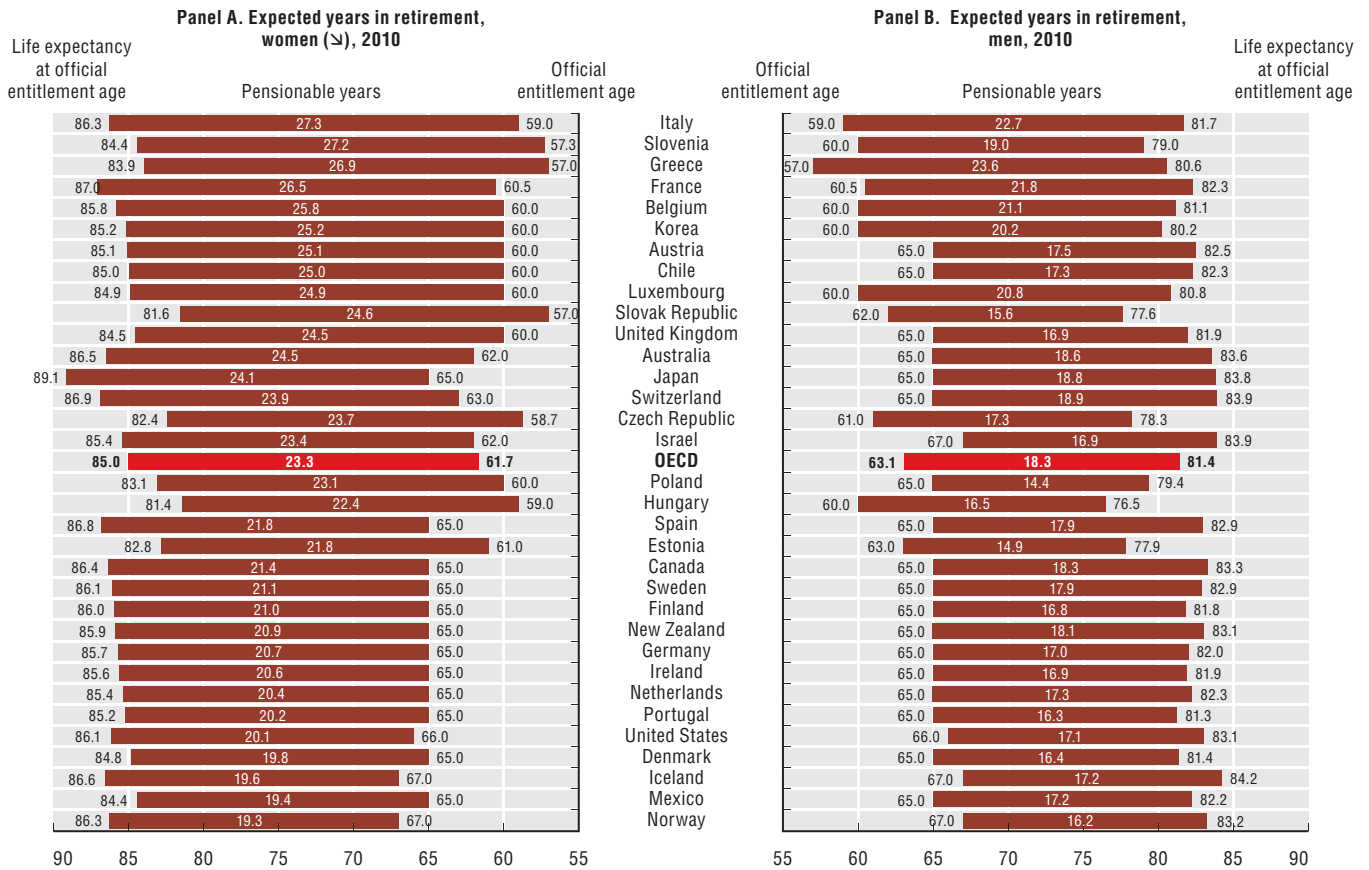
Figure notes

Figure SS4.1: Data for Turkey has been excluded from the figure as it is an outlier, with a retirement age of 41.0 for women and 44.9 for men.

In Figure SS4.2, data refer to the actual age at labour force exit.

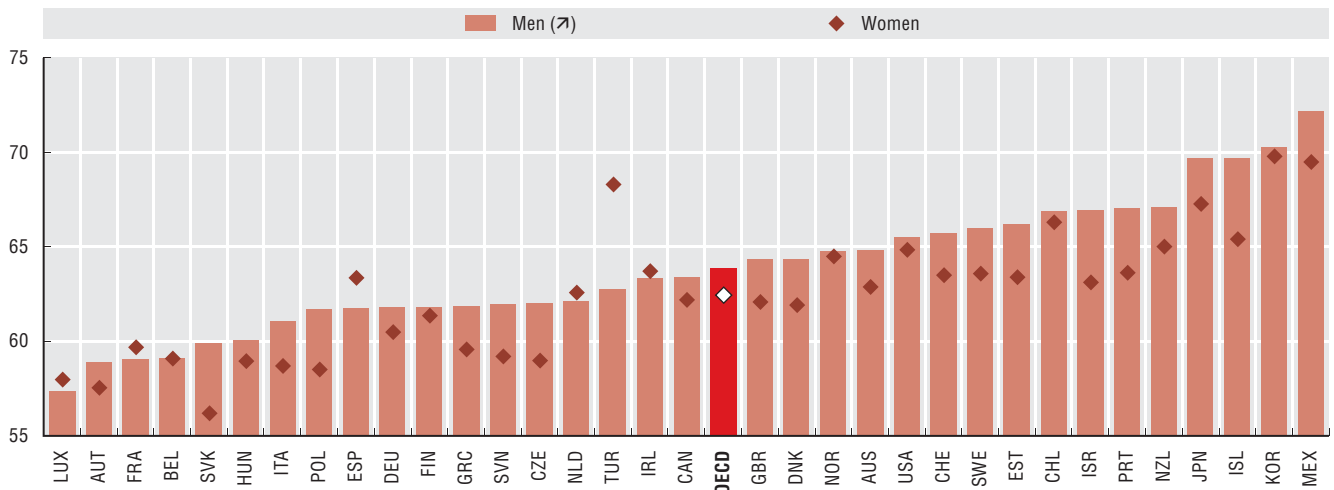
Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

SS4.1. Women have five more pensionable years than men on average



SS4.2. Men retire later than women

Average year of age at labour force exit



Source: OECD, Pensions at a Glance (www.oecd.org/els/social/pensions/pag), life expectancy estimates are from the United Nations, World Population Prospects – 2008 Revision.

StatLink <http://dx.doi.org/10.1787/888932381836>



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