

Key results

Mandatory social insurance contributions and mandatory private pension contribution rates for employees and employers for a private sector worker at average earnings average equals 24% for 13 OECD countries. The average mandatory employers and employees pension contributions for the other 21 OECD countries where this is applicable averaged 18% in 2014.

Most of the measures presented in *Pensions at a Glance* look at the benefits side of the pension system. These indicators look at the contribution side and the aim here is to try to map out how much the average workers contributed towards their pension in 2014. Tax financed pension benefits are not covered here.

Since different pension components in a country can be financed through different income sources mapping out the pension's contribution terrain is very important but it can also be difficult. This presentation aims to give a broad picture of the pension schemes modelled herein and where data are available. Importantly the contributions included here only refer to pensions contributions that reflect the pensions modelling. This might be different than the total contributions made by either employees and employers or the total social insurance or tax that apply to wage cost. For this, readers are referred to the *OECD Taxing Wages* publication.

The upper table presents the 19 OECD countries for where the pension contributions are mandatory public and private. Countries that belong to this group have pension systems where the contribution rate paid is more directly linked to the pensions system. The average contribution rate in this group equalled 18% in 2014. The highest total mandatory contribution rate is found in Italy at 33%.

The lower table looks at the mandatory private and mandatory social insurance contribution rates that apply for a private sector worker. In this group it is difficult to

separate the pension contributions paid by the employee and employer to pension benefits from the other parts of social insurance such as survivor's benefits, disability benefits, unemployment, etc. In addition individuals cannot choose which systems to belong to and they therefore have to contribute fully to all parts. The average contribution rate in this group is 24% for an average worker (AW) in 2014. The highest mandatory private and social insurance contributions are found in Hungary at 47% and the lowest in the United States at 12%.

Countries with higher pension contribution rates often have above average pension benefits (as in the case of Iceland and the Netherlands) or longer duration in retirement through lower retirement age as is the case in France or in Italy. Higher mandatory pension contribution rates might lower overall employment and increase informality.

New Zealand has the lowest mandatory contribution rates which equals 6%. Other countries which also have low levels of mandatory contributions are Australia with a total mandatory contribution rate equal to 9.5%, Canada at 9.9% and Korea at 9% respectively.

Further reading


OECD (2015), *Taxing Wages 2015*, OECD Publishing, Paris, http://dx.doi.org/10.1787/tax_wages-2015-en.

9.1. Mandatory pension contribution rates for an average worker in 2014

	Public		Private		Total
	Employee	Employer	Employee	Employer	
Australia		9.5			9.5
Belgium	7.5	8.86			16.4
Canada	4.95	4.95			9.9
Chile			11.2	1.15	12.3
Denmark	0.54	0.82		12	13.4
Finland	7.05	17.75			24.8
France	6.8	8.45	3.0	3.0	21.25
Germany	9.5	9.5			18.9
Iceland		7.79	4	8	19.8
Israel	3.75	3.75	5.5	12.0	25.0
Italy	9.19	23.81			33.0
Japan	8.737	8.737			17.5
Korea	4.5	4.5			9.0
Luxembourg	8.0	8.0			16.0
Mexico			1.125	5.15	6.275
Netherlands	4.9			16	20.9
New Zealand			3	3	6
Poland	9.76	9.76			19.5
Sweden	7.0	11.4		4.5	22.9
Switzerland	4.2	4.2	7.7	10.4	26.6
Turkey	9.0	11.0			20.0

Note: In some cases, pension contribution revenues have been calculated assuming that the revenues are split between different social security programmes in the same proportion as the contribution rates. The total contribution includes payments from people who are not employed (principally the self-employed). In Denmark the ATP contribution is expressed as percentages of AW earnings DNK 397 484.

Source: OECD (various years), *Taxing Wages*; OECD (2013), *Revenue Statistics*; Social Security Administration, United States (various years), *Social Security Programs throughout the World*; OECD pension and tax models.


StatLink  <http://dx.doi.org/10.1787/888933301228>

9.2. Social insurance contribution and mandatory private contribution rates for an average worker in 2014

	Public		Private		Total
	Employee	Employer	Employee	Employer	
Austria	10.25	12.55			22.8
Czech Republic	6.5	21.5			28.0
Estonia		16.0	2.0	4.0	20.0
Greece	6.67	13.3			20.0
Hungary	18.5	28.5			47.0
Ireland	4	10.75			14.75
Norway	8.2	14.1			22.3
Portugal	6.4	13.8			20.2
Slovak Republic	7.0	20.0			27.0
Slovenia	15.5	8.85			24.4
Spain	4.7	23.6			28.3
United Kingdom	9.05	11.9			20.95
United States	6.2	6.2			12.4

Note: In some cases, pension contribution revenues have been calculated assuming that the revenues are split between different social security programmes in the same proportion as the contribution rates. The total contribution includes payments from people who are not employed (principally the self-employed).

Source: OECD (various years), *Taxing Wages*; OECD (2013), *Revenue Statistics*; Social Security Administration, United States (various years), *Social Security Programs throughout the World*; OECD pension and tax models.

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