

Key results

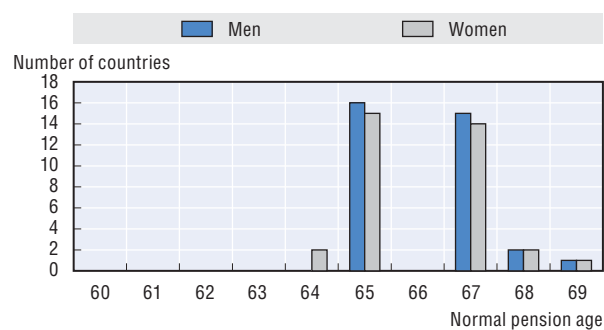
The rules for eligibility to retire and draw a pension are very complex, often reflecting conflicting government objectives. On the one hand, encouraging people to work longer as the population ages has been a major feature of many pension reforms. On the other hand, governments have often been concerned to protect workers perceived as vulnerable and unable to continue their jobs to an older age.

The table shows the rules for normal, early and late retirement under the long-term parameters of the pension system, including changes that have been legislated but are not yet in effect. These parameters underpin the modelling of pension entitlements in Chapter 4 of this report. In 14 of the 34 countries, different rules apply to different components of the overall retirement-income package and so these are shown separately.

Normal pension age

Virtually all OECD countries already have a normal pension age of at least 65 or plan to reach that level in the future. In two of these, normal pension age for women will be lower, at 64 in both Israel and Switzerland.

Normal pension ages by sex: Long-term rules



Source: See “Country profiles” in Chapter 9.

StatLink <http://dx.doi.org/10.1787/888932907148>

Seventeen countries will have normal pension ages for men and women above age 65. Only Iceland and Norway are currently at 67, but Australia, Denmark, Germany and the United States plan to reach that level in the future, with the United Kingdom going further to 68.

Early retirement

Nine countries will not allow early retirement in any mandatory part of the pension system: Denmark, Hungary, Ireland, Israel, the Netherlands, New Zealand, Poland, Turkey and the United Kingdom. In other cases, early retirement is restricted to certain schemes: in Australia, Chile and Iceland to mandatory private pensions; and in Canada and Sweden, there is no early retirement under basic or targeted programmes.

Benefits for early retirees are usually cut to reflect the longer period over which the pension is paid.

In most defined-benefit and points schemes, the adjustment is simply a parameter of the pension system: the benefit is permanently reduced by $x\%$ for each year of early retirement. The adjustment for early and late retirement in the notional-accounts schemes of Italy and Sweden is not directly observed. (Poland does not allow early retirement.) However, it can be calculated from the different annuity rates or factors used to convert accumulated notional capital, which in turn are based on projections of mortality rates at different ages and the discount rates employed in the annuity calculation.

The size of the adjustments varies significantly. The largest standard decrements are in Canada – which is increasing the rate from 6.0% to 7.2%. However, larger adjustments are possible in the Czech Republic (for people who retire at the earliest possible ages) and in Spain (for people with a smaller number of contribution years). In some cases – Belgium, France, Germany, Greece and Luxembourg – there is no benefit reduction provided a certain number of years of contributions were paid.

Late retirement

It is possible to defer claiming a pension until after the normal age in nearly all countries. Typically, an increase in accrued benefits is provided. However, the ability to combine work and pension receipt after normal pension age is common and so the size of the increment will have little influence on people’s financial incentives to remain in work.

Further reading

Queisser, M. and E.R. Whitehouse (2006), “Neutral or Fair? Actuarial Concepts and Pension-System Design”, *OECD Social, Employment and Migration Working Papers*, No. 40, OECD Publishing, <http://dx.doi.org/10.1787/351382456457>.

Whitehouse, E.R. (2010), “Decomposing Notional Defined-Contribution Pensions: Experience of OECD Countries’ Reforms”, *OECD Social, Employment and Migration Working Papers*, No. 109, OECD Publishing, <http://dx.doi.org/10.1787/5km68fw0t60w-en>.

3.7. Pension ages and treatment of early and late retirees, long-term rules, all mandatory and quasi-mandatory schemes, by type of scheme


	Scheme	Early age	Reduction (%)	Normal age	Increase (%)		Scheme	Early age	Reduction (%)	Normal age	Increase (%)
Australia	T	..		67		Italy	NDC	62	-	67	-
	DC	60	-	67	-	Japan	Basic/DB	60	6.0	65	8.4
Austria	DB	62	5.1	65	4.2	Korea	DB	60	6.0	65	7.2
Belgium	DB	62	0	65	0	Luxembourg	DB	57/60	0	65	..
Canada	Basic/T	..		67	7.2	Mexico	Min	60	0	65	0
	DB	60	7.2	65	8.4		DC	Any age/60	-	65	-
Chile	Basic/T	..		65		Netherlands	Basic	..		67	..
	DC	Any age	-	65/60	-	New Zealand	Basic	..		65	..
Czech Republic	DB	64	3.6-5.6	69	6.0	Norway	Min	..		67	
Denmark	Basic/T	..		67	5.8		NDC/DC	62	-	67	-
	DC	..		67	-	Poland	NDC/DC	..		67	-
Estonia	Points	62	4.8	65	10.8	Portugal	DB	55	6.0	65	4.0-12.0
	DC	62	-	65	-	Slovak Republic	Points	65	6.5	67	6.0
Finland	Min	63	4.8	65	7.2		DC	65	-	67	-
	DB	63		68	4.8	Slovenia	DB	60	3.6	65	4.0
France	DB	62	5.0	67	5.0	Spain	DB	65	6.0-8.0	67	2.0-4.0
	DB (Occ)	60	4.0-7.0	67	0	Sweden	Min	..		65	
Germany	Points	63	3.6	67	6.0		NDC	61	4.1-4.7	65	4.9-6.1
Greece	DB	62	0/6.0	67	0		DC	55/61	-	65	-
Hungary	DB	..		65	6.0	Switzerland	DB	63M/62F	6.8	65M/64F	5.2-6.3
Iceland	Basic/T	..		67			DB (Occ)	58	6.35-7.1	65M/64F	4.5-5
	DB (Occ)	65	7.0	67	6.0	Turkey	DB	..		65	0
Ireland	Basic/T	..		68	..	United Kingdom	Basic/DB	..		68	10.4
Israel	Basic/T	..		67M/64F	5.0	United States	DB	62	5.0/6.7	67	8.0
	DC			67	-						

Note: Data rounded to one decimal place. Calculations for late retirement assume a maximum retirement age of 70.

DB = Defined benefit; DC = Defined contribution; Min = Minimum benefit; .. = Early retirement or deferral of pension is not available; NDC = Notional defined contribution; Occ = Occupational; T = Targeted. Where pension ages for men and women differ they are shown as M/F. - = Benefits automatically adjusted for early and late retirement in DC schemes.

The implicit adjustments are calculated from the annuity calculations using projected mortality, the discount rate specified in legislation and indexation of pensions in payment.

Source: See "Country profiles" in Chapter 9 of this report.

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