The biggest challenges facing pension systems in non-OECD Asian economies are rapid population ageing and low coverage, both for those receiving benefits and those contributing to the pension systems. Efforts to close the coverage gap by expanding eligibility to larger shares of the labour force or through non-contributory pensions are at the heart of most discussions. Increasing life expectancy will jeopardise financial sustainability as people live longer in retirement and the number of pensioners relative to contributors grows. However, as in other regions, pension reform is politically challenging as it often entails unpopular measures, such as increasing the retirement age, lowering benefits or increasing contribution rates.

The international exchange of pension reform approaches and experiences can provide valuable lessons for the design and implementation of future reforms. However, it is not always easy to compare the functioning of national pension systems, due to significant differences in institutional, technical, and legal details.

This study combines rigorous analysis with clear, easy-to-understand presentation of empirical results. It does not advocate any particular kind of pension system or type of reform. The goal is to inform debates on retirement-income systems with data that policymakers, experts and stakeholders with different visions for the future of pensions can all use as a reference point.

The format of this fourth report follows that of the previous editions which were based on the OECD’s Pensions at a Glance series covering the 36 OECD member countries. The values contained within reflect the pension parameters in 2016. As with the original publications the report refers to single pensioners rather than family units.

The results are specifically analysed at three distinct earnings levels so that a more comprehensive portrayal of the individual pension systems is given. Firstly, results are given for workers at average earnings, where it is assumed that the worker earns this level throughout their entire career without any period of interruption. The remaining two earnings levels are 50% of average earnings, commonly called low earners, and 200% of average earnings, referred to as high earners. These earnings levels apply to the entire working life of the individual. Entry to the pension system is assumed to be at age 20 and the models are based on a full career until the normal retirement age within that economy, so for China, for example, it is assumed that a man will have to work for 40 years until age 60 before being eligible for retirement pension.

The report begins by showing the different schemes that make up each national retirement-income provision, including a summary of the rules that apply. This is then followed by a brief summary of several indicators that are the benchmarks of any pension system analysis, namely replacement rates and pension wealth. These indicators are examined on both a gross and net basis. The subsequent sections then look further at both the characteristics of Asian pension systems as well as the population as a whole, through coverage, life expectancy and general demographics. Finally Chapter 3 of the report
provides detailed background information for all of the non-OECD economies covered. Information on the OECD countries is available online in the Pensions at a Glance series at http://oe.cd/pag.

In order to enable comparison between the non-OECD economies and specific OECD countries the results have been grouped by region and OECD status. The largest such grouping is East Asia/Pacific which covers China, Hong Kong, China, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam. Within South Asia the remaining non-OECD economies are listed, i.e. India, Pakistan and Sri Lanka. Furthermore the OECD countries themselves have been divided into two distinct groups. Firstly, there are the Asia/Pacific economies of Australia, Canada, Japan, Korea, New Zealand and the United States to enable a more regional comparison. Secondly, four additional OECD countries are included, France, Germany, Italy and the United Kingdom, all of which have well established pension systems and are major economic powers. By including this latter group clear differences should be evident between them and the non-OECD economies in Asia.