

## South Africa

### South Africa: Pension system in 2008

The public pension is flat rate based on a residency test. There are also voluntary occupational schemes but coverage for these is not high.

### Key indicators

		South Africa	OECD
Average earnings	ZAR	114 300	335 400
	USD	13 800	40 600
Public pension spending	% of GDP		7.0
Life expectancy	At birth	51.5	78.9
	At age 65	77.7	83.1
Population over age 65	% of working-age population	8.0	23.6

### Qualifying conditions

The pension age in 2008 is 61 for men and 60 for women. However the age requirement for men has been lowered to 60 from April 2010.

### Benefit calculation

#### Old-age pension

The pension is means-tested with individuals having an income of under ZAR 27 522 for singles and ZAR 58 224 for couples. The benefit amount is up to ZAR 1 010 per month for singles and ZAR 2 020 for couples. The average wage used for 2008 was ZAR 114 324.

#### Voluntary private pension

The default contribution rate for this scheme is 9% of earnings, divided equally between employees and employers.

### Variant careers

#### Early retirement

It is not possible to claim the pension before the normal eligibility age of 60.

#### Late retirement

Receipt of the old-age pension is not dependent on retirement. It is therefore possible to combine pension and employment.

While people are not obliged to claim the public pension on reaching the qualifying age, there is no advantage in deferring a claim.

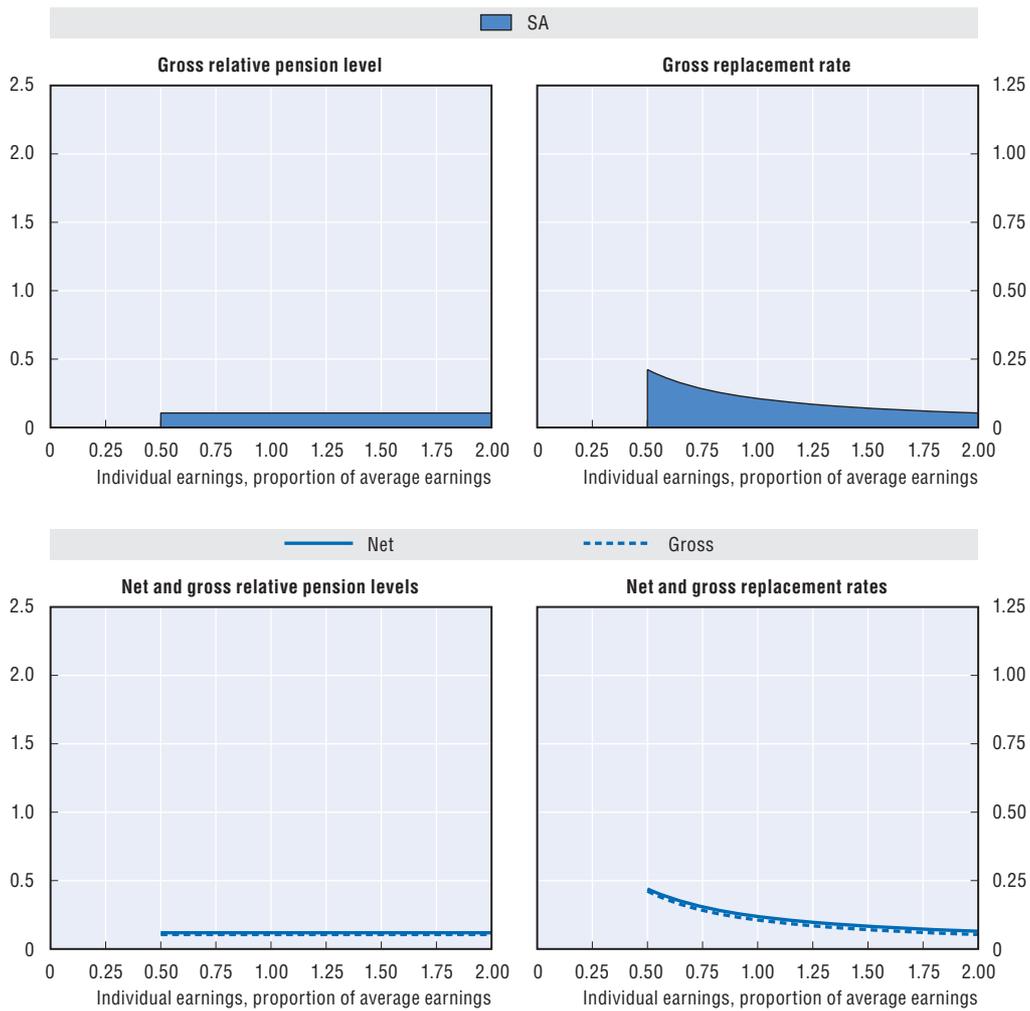
#### Childcare

Eventual public pension entitlement is not affected by periods out of paid work for caring purposes.

#### Unemployment

Eventual public pension entitlement is not affected by periods of unemployment.

**Pension modelling results: South Africa**



Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level (% average gross earnings)	10.6	10.6	10.6	10.6	10.6	10.6
Net relative pension level (% net average earnings)	11.9	11.9	11.9	11.9	11.9	11.9
Gross replacement rate (% individual gross earnings)	13.1	21.2	14.1	10.6	7.1	5.3
Net replacement rate (% individual net earnings)	14.4	22.0	15.4	11.9	8.3	6.5
Gross pension wealth (multiple of individual gross earnings)	1.8	2.9	1.9	1.4	1.0	0.7
Net pension wealth (multiple of individual gross earnings)	2.2	3.5	2.4	1.8	1.2	0.9

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# Pensions at a Glance 2011

## RETIREMENT-INCOME SYSTEMS IN OECD AND G20 COUNTRIES

The theme of this fourth edition of *Pensions at a Glance* is pensions, retirement and life expectancy. Many countries have increased pension ages in the face of population ageing and longer lives. Some have introduced an automatic link between pensions and life expectancy. Improvements to the incentives to work rather than retire are also a common part of recent pension-reform packages. However, ensuring that there are enough jobs for older workers remains a challenge.

An in-depth look at these important policy issues is provided by five special chapters on: pension ages, retirement behaviour, pension incentives to retire, the demand for older workers and linking pensions to life expectancy. This edition updates information on the key features of pension provision in OECD countries and provides projections of retirement income for today's workers. It offers an expanded range of 36 indicators, covering the design of national retirement-income provision, pension entitlements, incomes of older people, the finances of pension systems, the demographic and economic context in which pension systems operate and private pensions.

More countries are analysed than in previous editions, including four new members of the OECD: Chile, Estonia, Israel and Slovenia. Where possible, data are also provided for the other major economies in the G20: Argentina, Brazil, China, India, Indonesia, Russia, Saudi Arabia and South Africa. Along with data on the European Union's 27 member states, this brings to 43 the number of economies covered in the report.

### About *Pensions at a Glance*...

"An extraordinarily useful and careful compilation of pension information for a wide-range of countries, presented in a common format and following a thoughtful structure. The authors have brought cross-national pension comparisons to a new level, and they are to be commended for their intensive efforts. [This] represents some of the smartest comparative work out there, by people intimately familiar with the nuances – and complexities – of comparative pension work."

*Olivia Mitchell, Director of the Boettner Centre for Pensions and Retirement Research, Wharton School, University of Pennsylvania.*

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