

## 6<sup>th</sup> Global Pension and Savings Conference

# ***Sustainable and Equitable Pension Systems: Key Challenges***

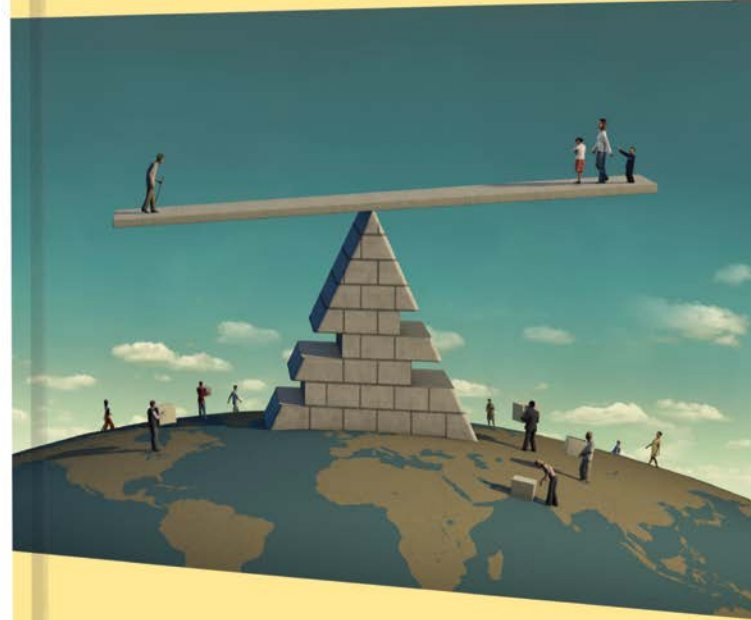
Benedict Clements  
Fiscal Affairs Department  
International Monetary Fund

April 2-3, 2014 – Washington DC



# Equitable and Sustainable Pensions

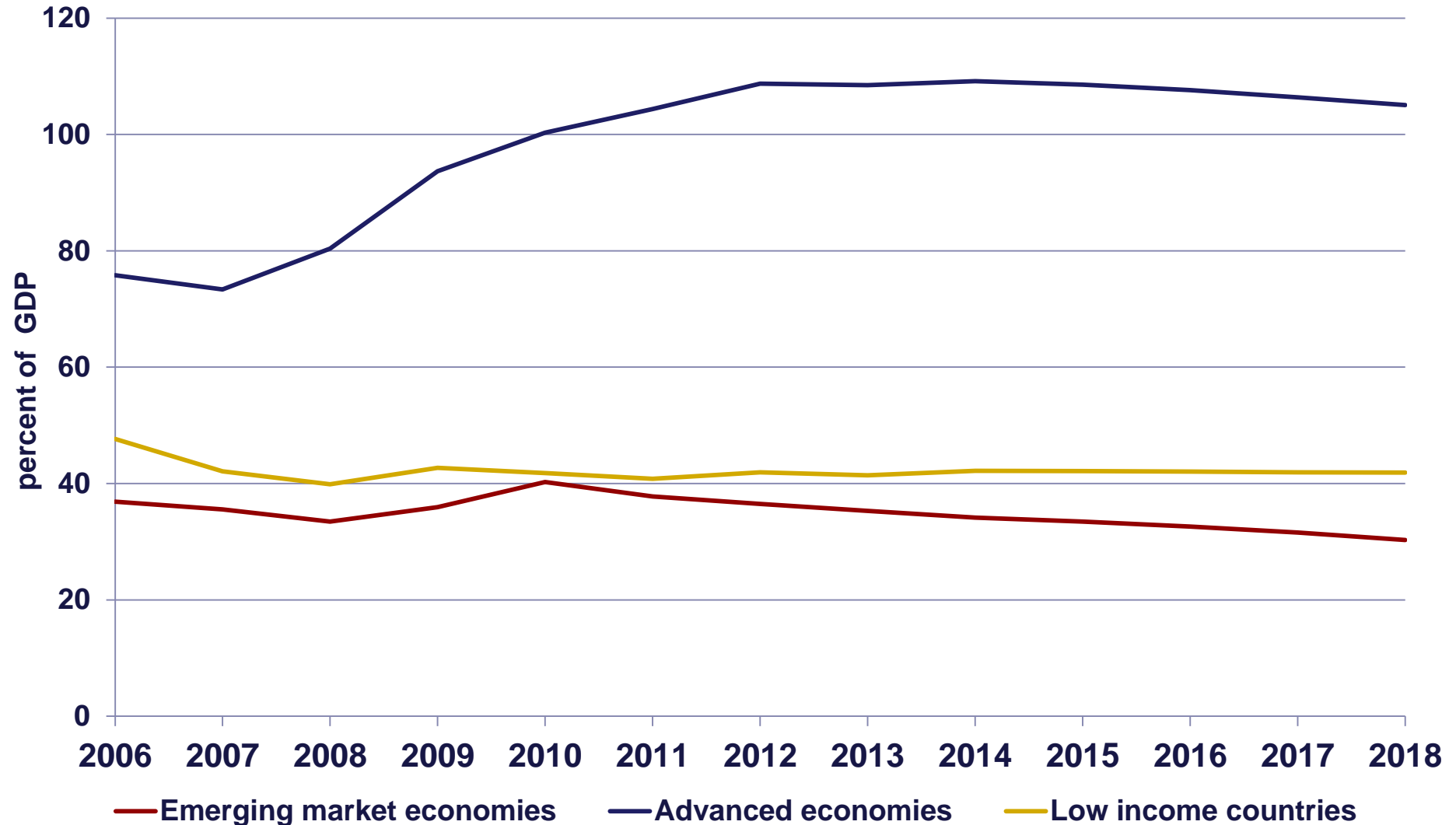
Challenges and Experience



EDITORS  
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and Sanjeev Gupta

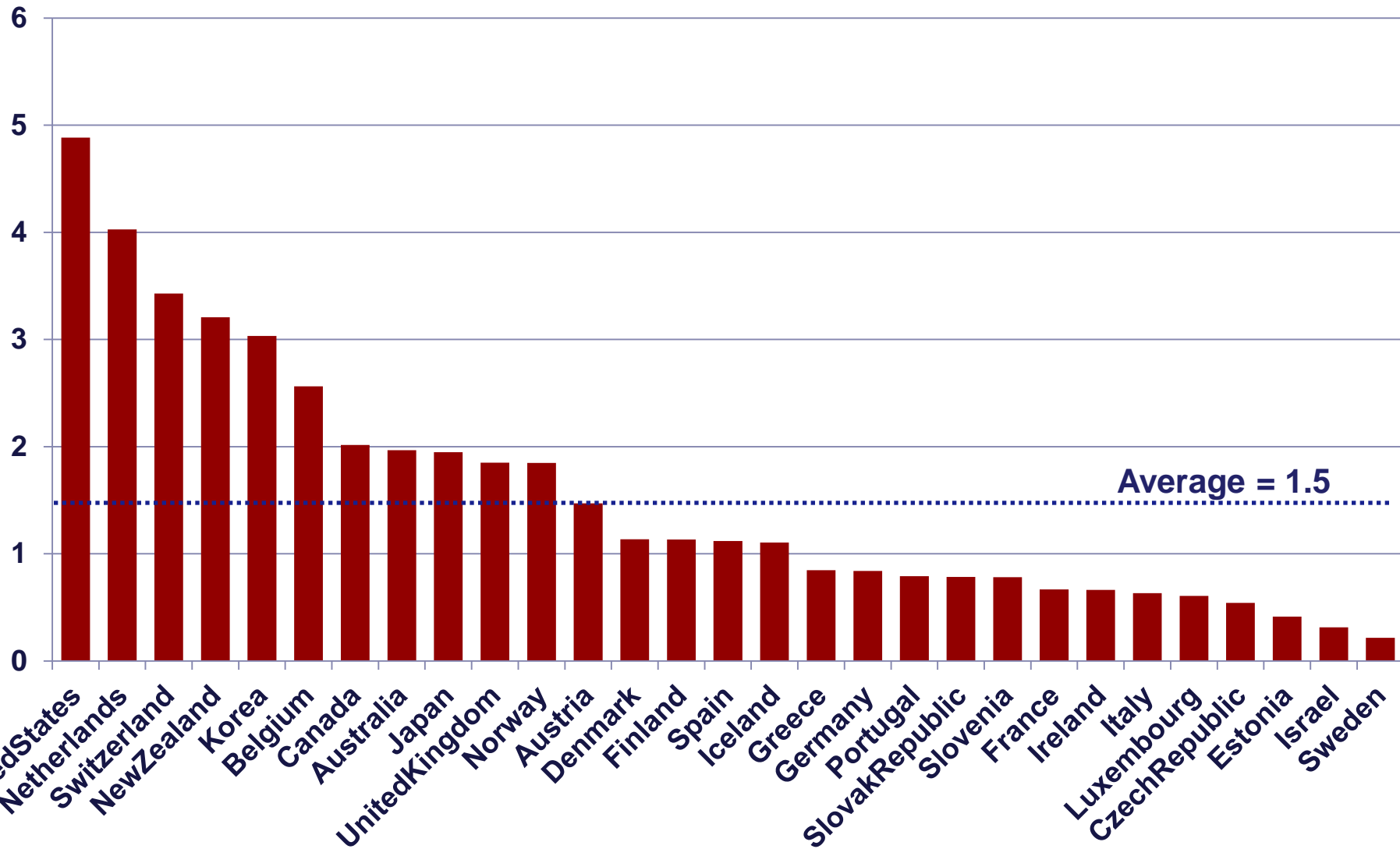
INTERNATIONAL MONETARY FUND

# Public Debt Levels Remain High in Advanced Economies



# Rising Health Spending Will Impose Fiscal Pressure in Advanced Economies

*(change in public health spending, 2013-30, in percent of GDP)*

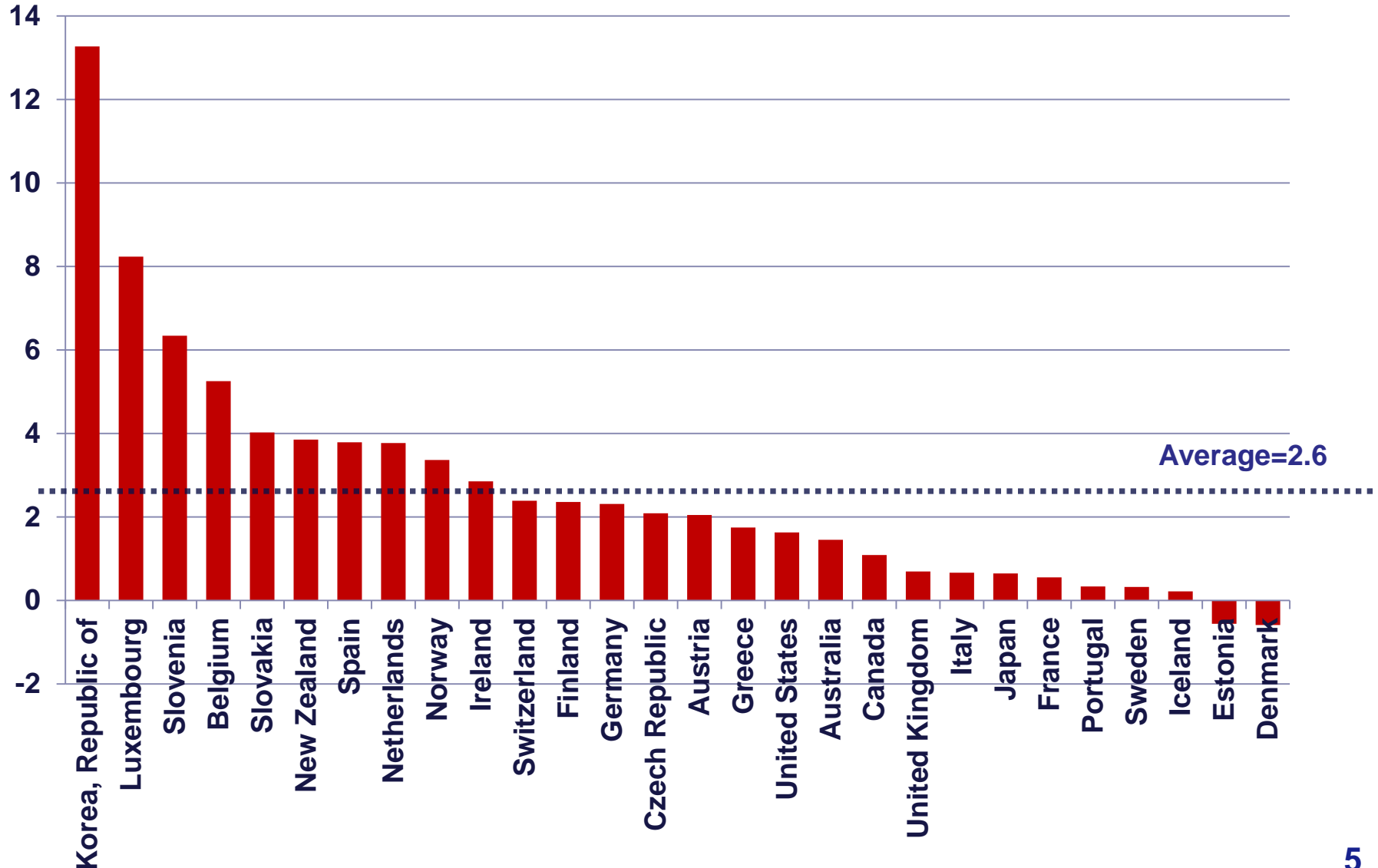


Average = 1.5

Source: IMF Fiscal Monitor (2013 October).

# Public Pension Spending Is Projected to Rise in Advanced Economies

*(change in public pension spending, 2013-50, in percent of GDP)*

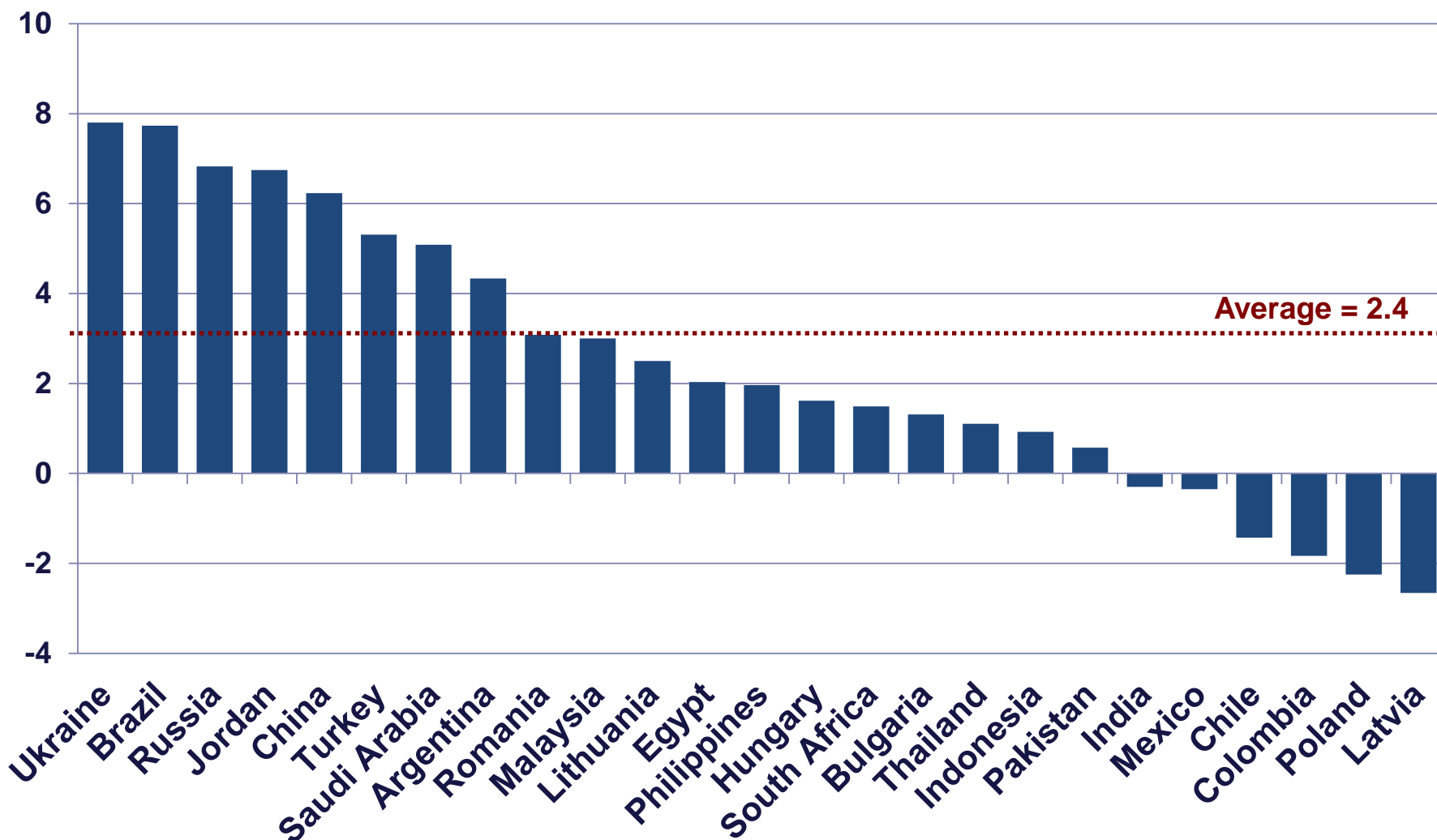


Average=2.6

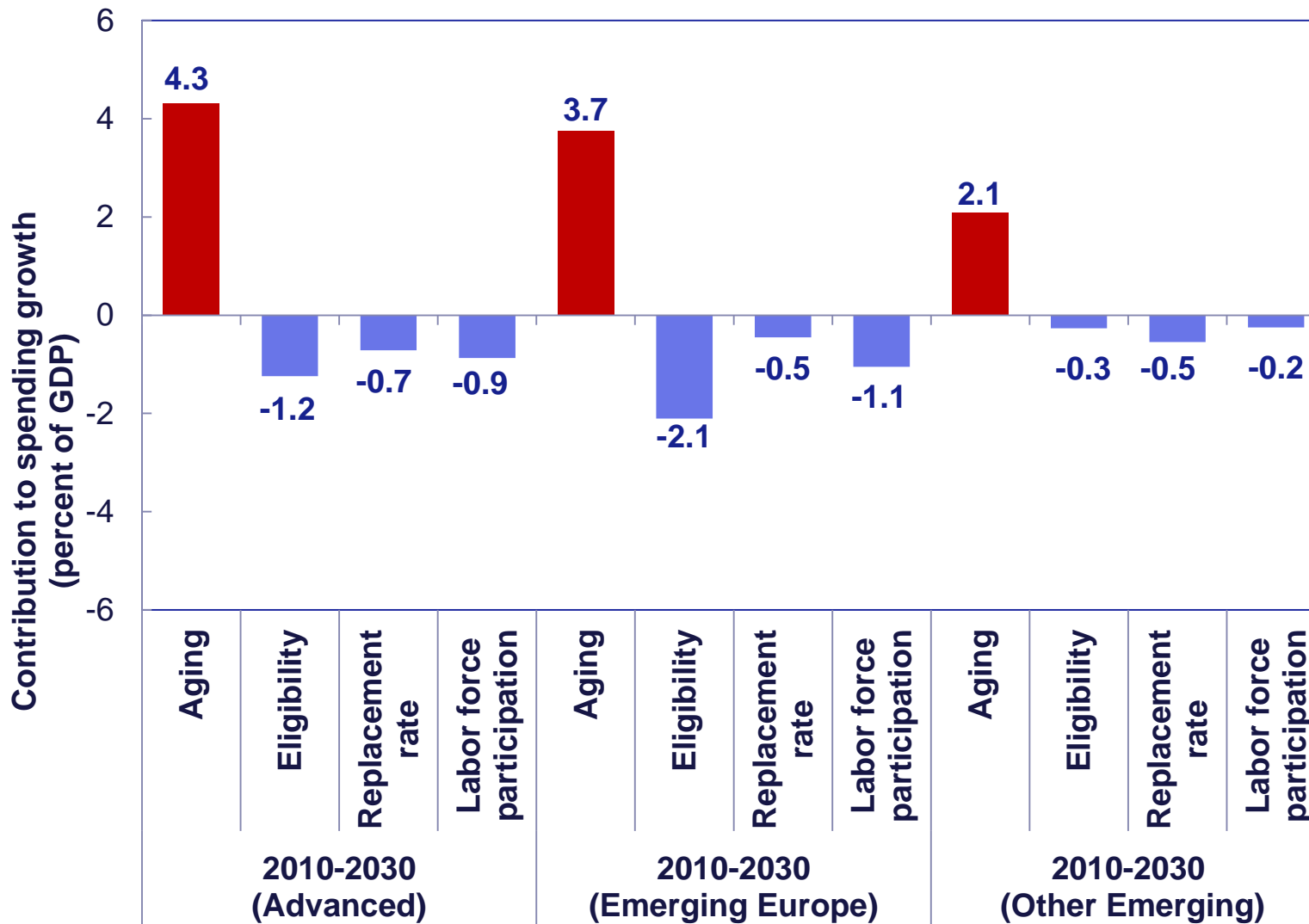
Source: IMF Fiscal Monitor (2013 October).

# Public Pension Spending Will Also Rise in Emerging Economies

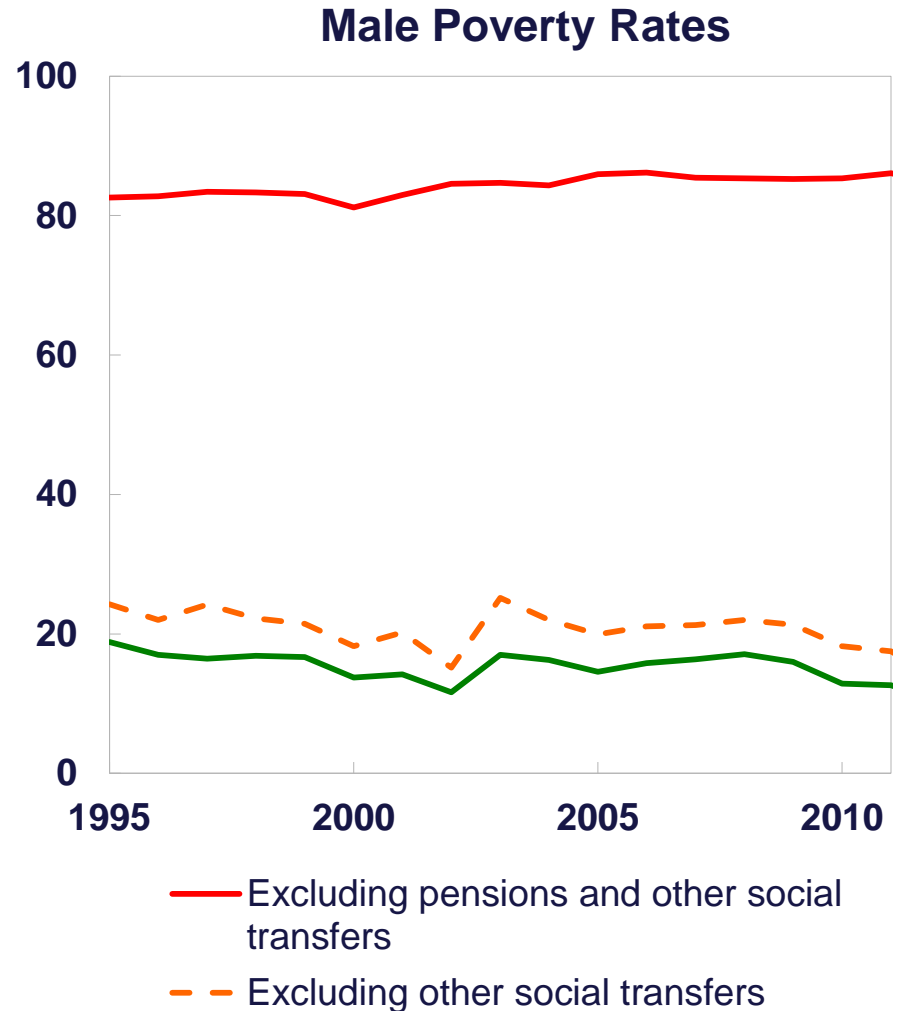
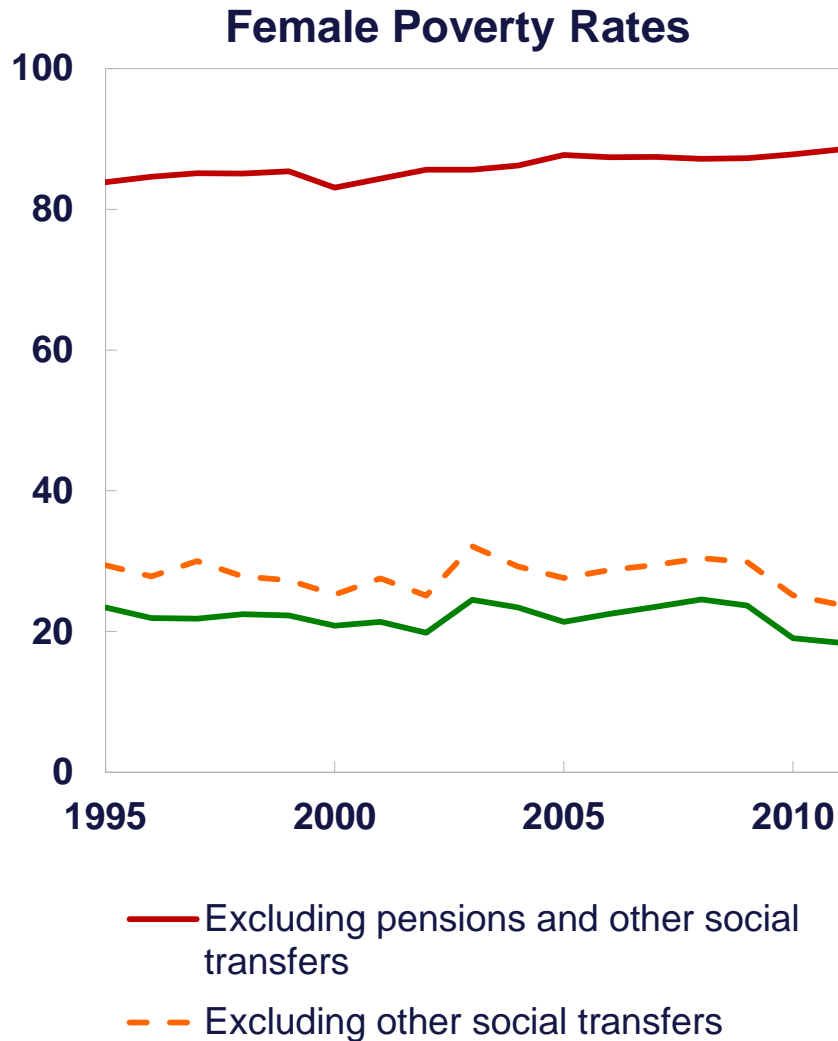
(change in public pension spending, 2013-50, in percent of GDP)



# Aging Will Be the Main Driver of Higher Expenditures

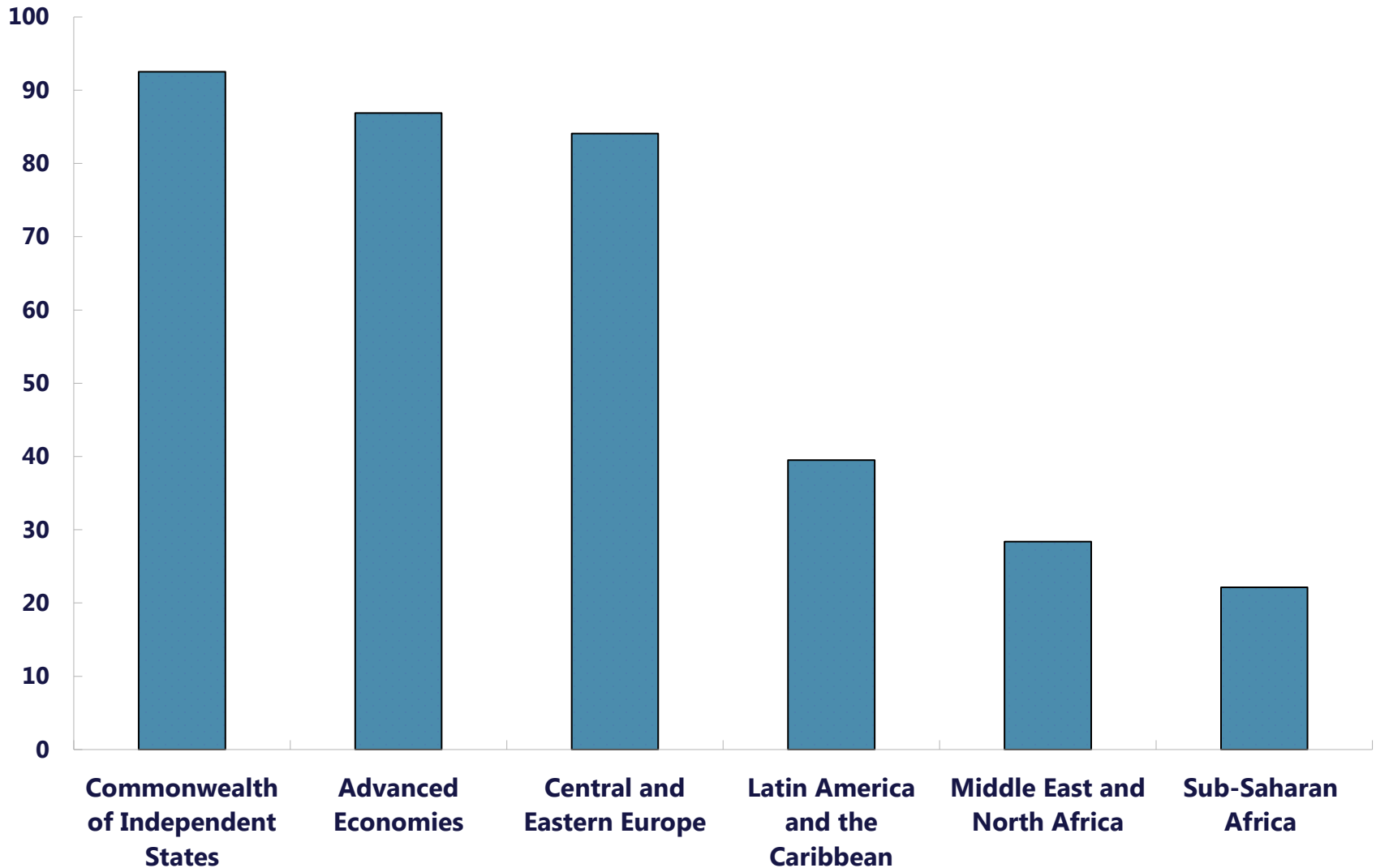


# Equity Challenge 1: Maintain Large Redistributive Role of Pensions





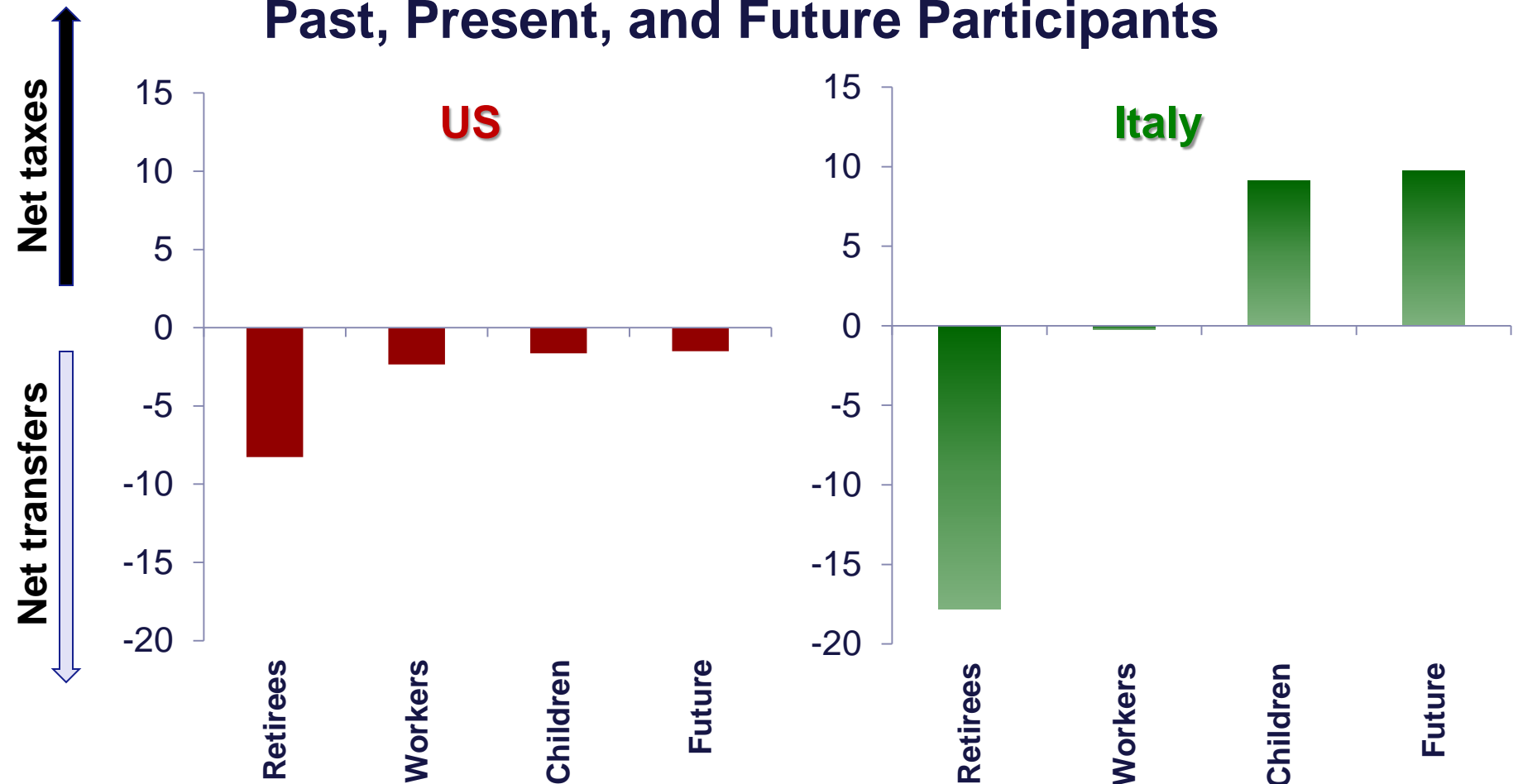
# Equity Challenge 2: Expand Coverage (Intragenerational equity)



Source: ILO.

# Equity Challenge 3: A Fair Deal for All Generations (Intergenerational equity)

## Net Taxes Paid (or Transfers Received) by Past, Present, and Future Participants



# Thank you!

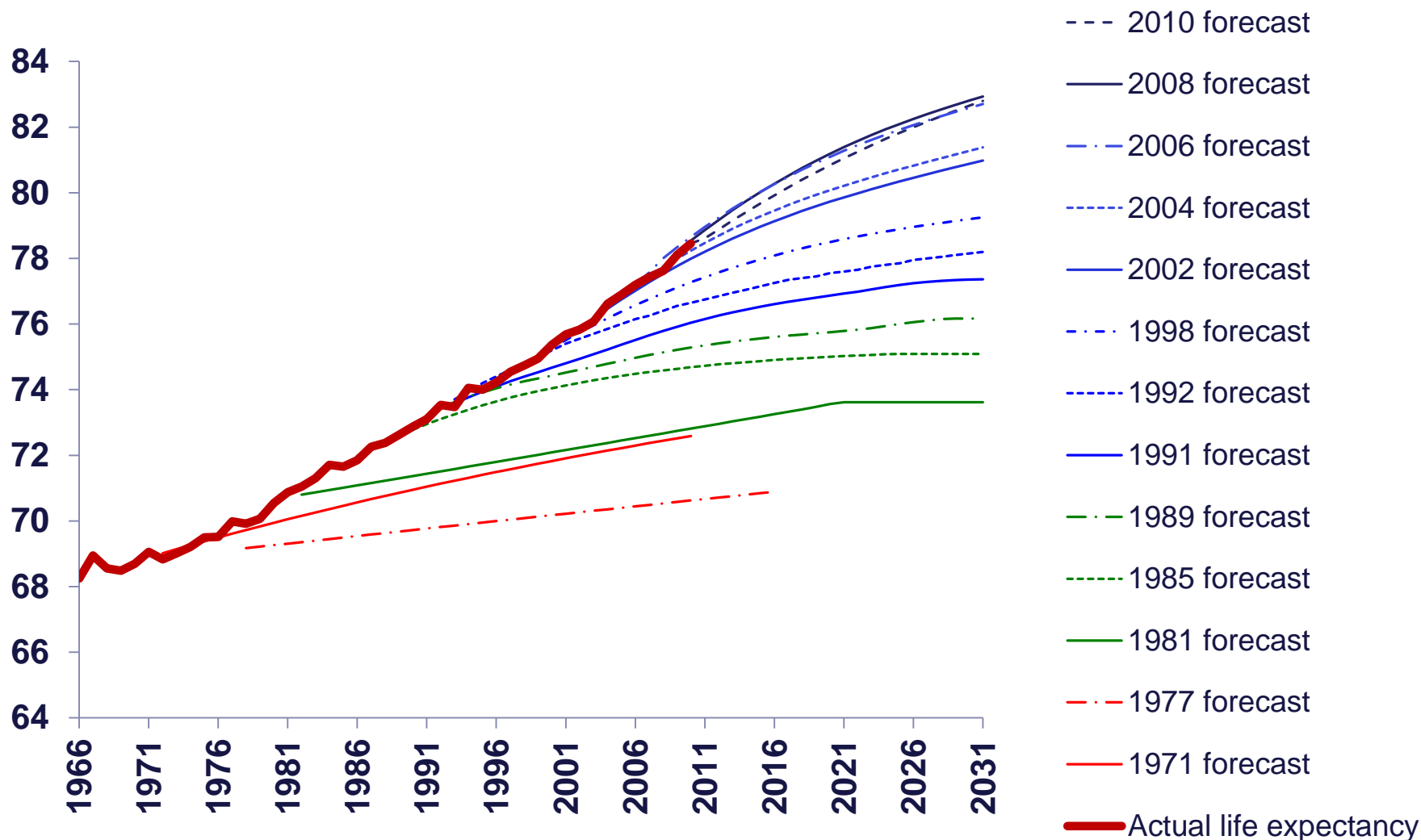
Our recent book Equitable and Sustainable Pensions: Challenges and Experience is available for purchase online:

<http://www.imfbookstore.org/ProdDetails.asp?ID=DESPSEA>

# Risks to Projections: Higher Than Expected Aging

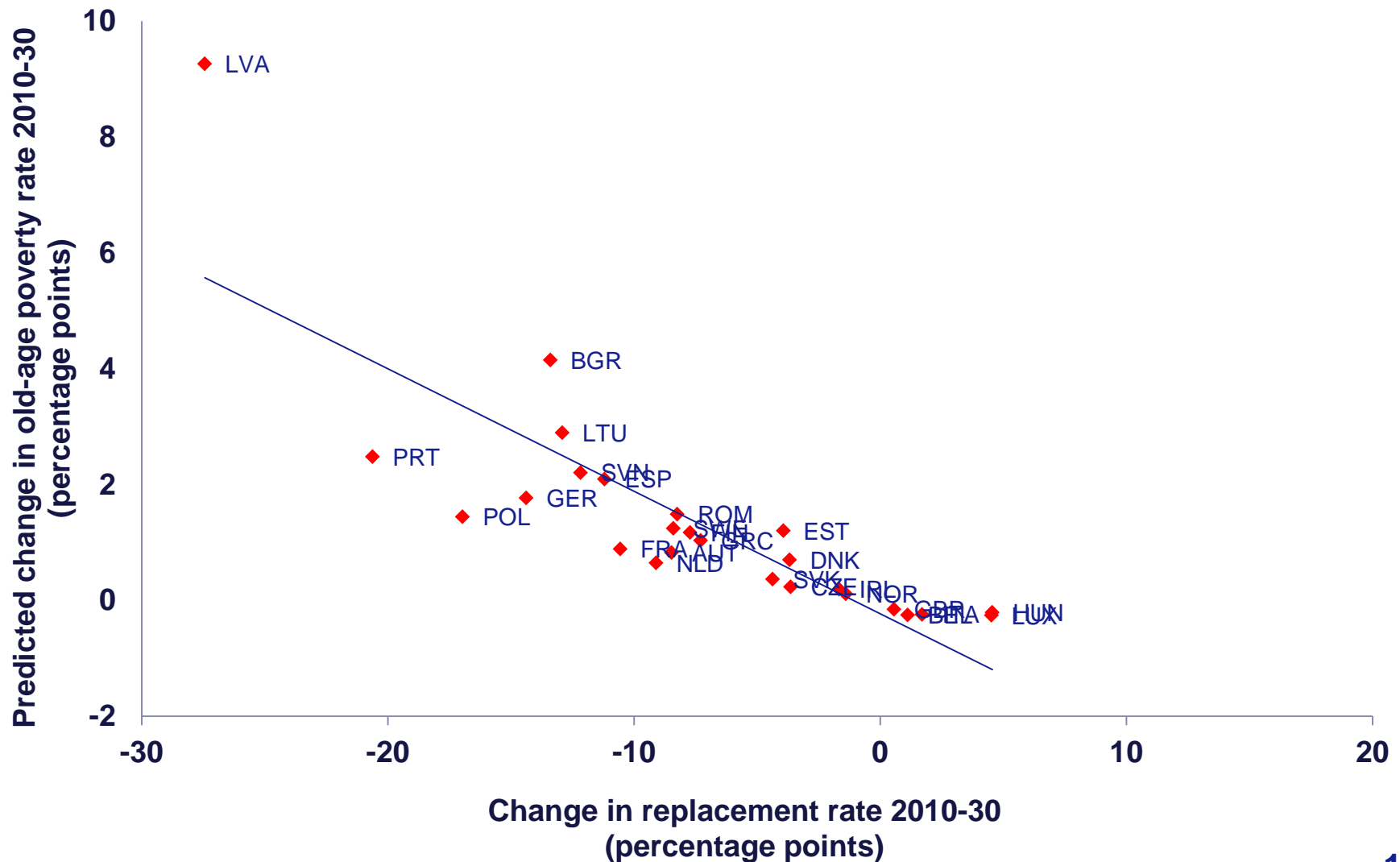


## United Kingdom: Projected Life Expectancy at Birth for Males, 1966–2031



Source: Equitable and Sustainable Pensions (2014).

# Equity Challenge 1: Maintain Large Redistributive Role of Pensions (part 2)



# Equity Challenge 4: Gender Equity



## Female retirement ages are typically lower

- Source: tradition
- *But: women live longer >> impact on pension wealth ambiguous*

## Women's contribution histories are often shorter

- Source: childcare, traditional division of labor
- *But: non-contributory (child care) periods recognized*

## Women's average old age benefits typically lower

- Source: discrimination in education, labor markets
- *But: often higher accrual rates; survivor benefits*