6th Global Pension and Savings Conference

Sustainable and Equitable Pension Systems: Key Challenges

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April 2-3, 2014 – Washington DC

This presentation represents the views of the author and should not be attributed to the IMF, its Executive Board, or its management.
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)*

Public Pension Spending Is Projected to Rise in Advanced Economies

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

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

<table>
<thead>
<tr>
<th>Contribution to spending growth (percent of GDP)</th>
<th>2010-2030 (Advanced)</th>
<th>2010-2030 (Emerging Europe)</th>
<th>2010-2030 (Other Emerging)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aging</td>
<td>4.3</td>
<td>3.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Eligibility</td>
<td>-1.2</td>
<td>-2.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>Replacement rate</td>
<td>-0.7</td>
<td>-0.5</td>
<td>-0.5</td>
</tr>
<tr>
<td>Labor force participation</td>
<td>-0.9</td>
<td>-1.1</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

Equity Challenge 1: Maintain Large Redistributive Role of Pensions

![Female Poverty Rates](chart1)

- Excluding pensions and other social transfers
- Excluding other social transfers

![Male Poverty Rates](chart2)

- Excluding pensions and other social transfers
- Excluding other social transfers

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

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

![Graph](https://example.com/graph.png)

Predicted change in old-age poverty rate 2010-30 (percentage points) vs. Change in replacement rate 2010-30 (percentage points)

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*