

6th Global Pension and Savings Conference

Sustainable and Equitable Pension Systems: Key Challenges

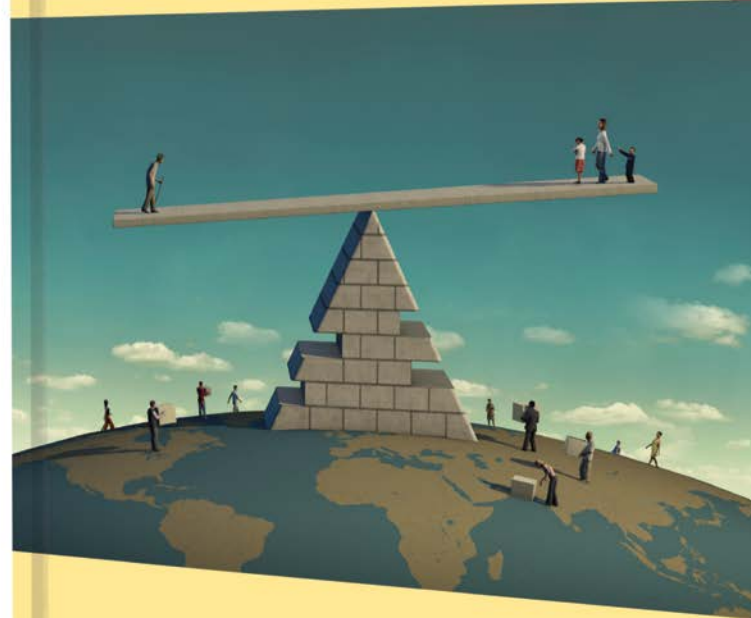
Benedict Clements
Fiscal Affairs Department
International Monetary Fund

April 2-3, 2014 – Washington DC



Equitable and Sustainable Pensions

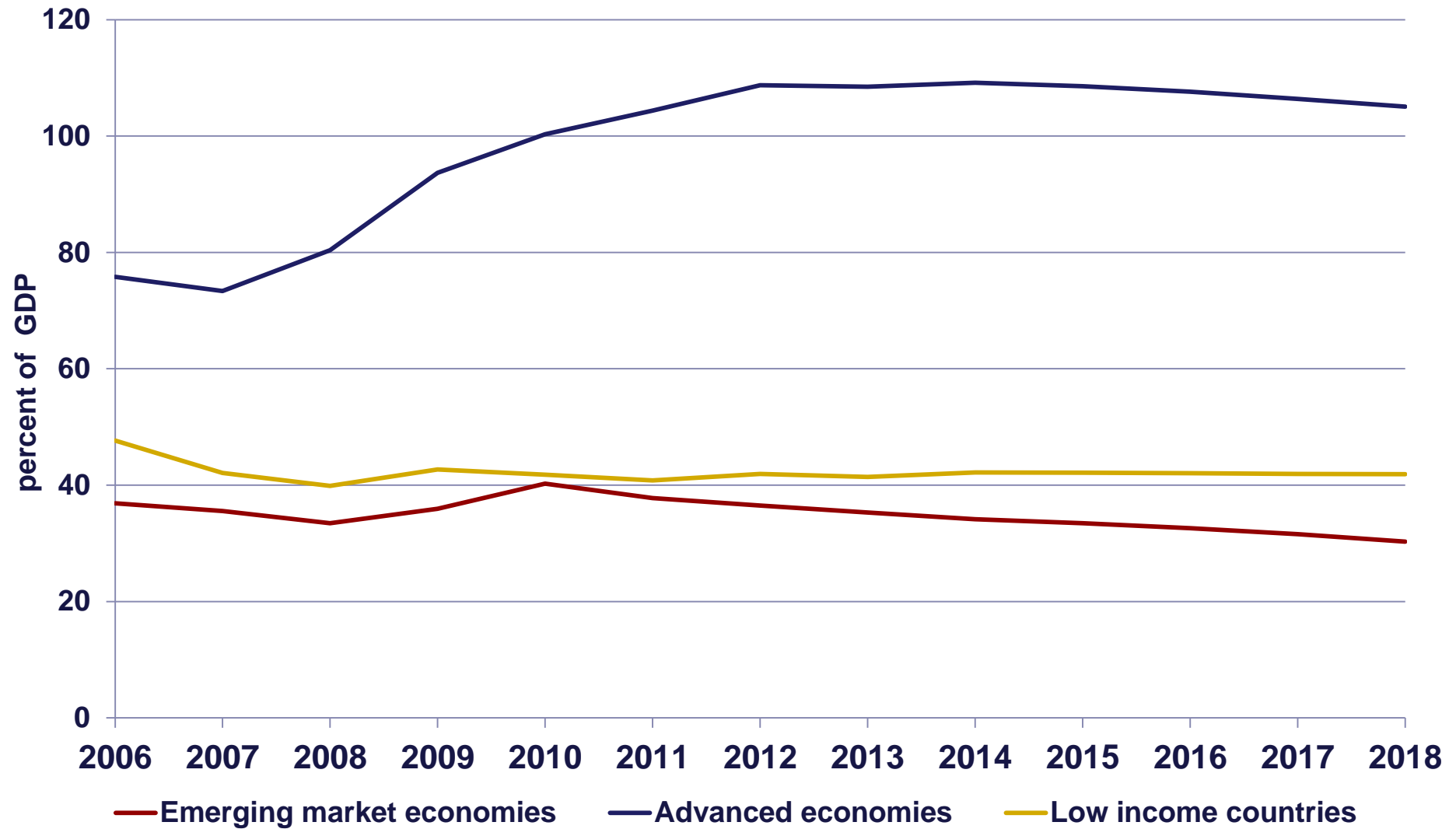
Challenges and Experience



EDITORS
Benedict Clements, Frank Eich,
and Sanjeev Gupta

INTERNATIONAL MONETARY FUND

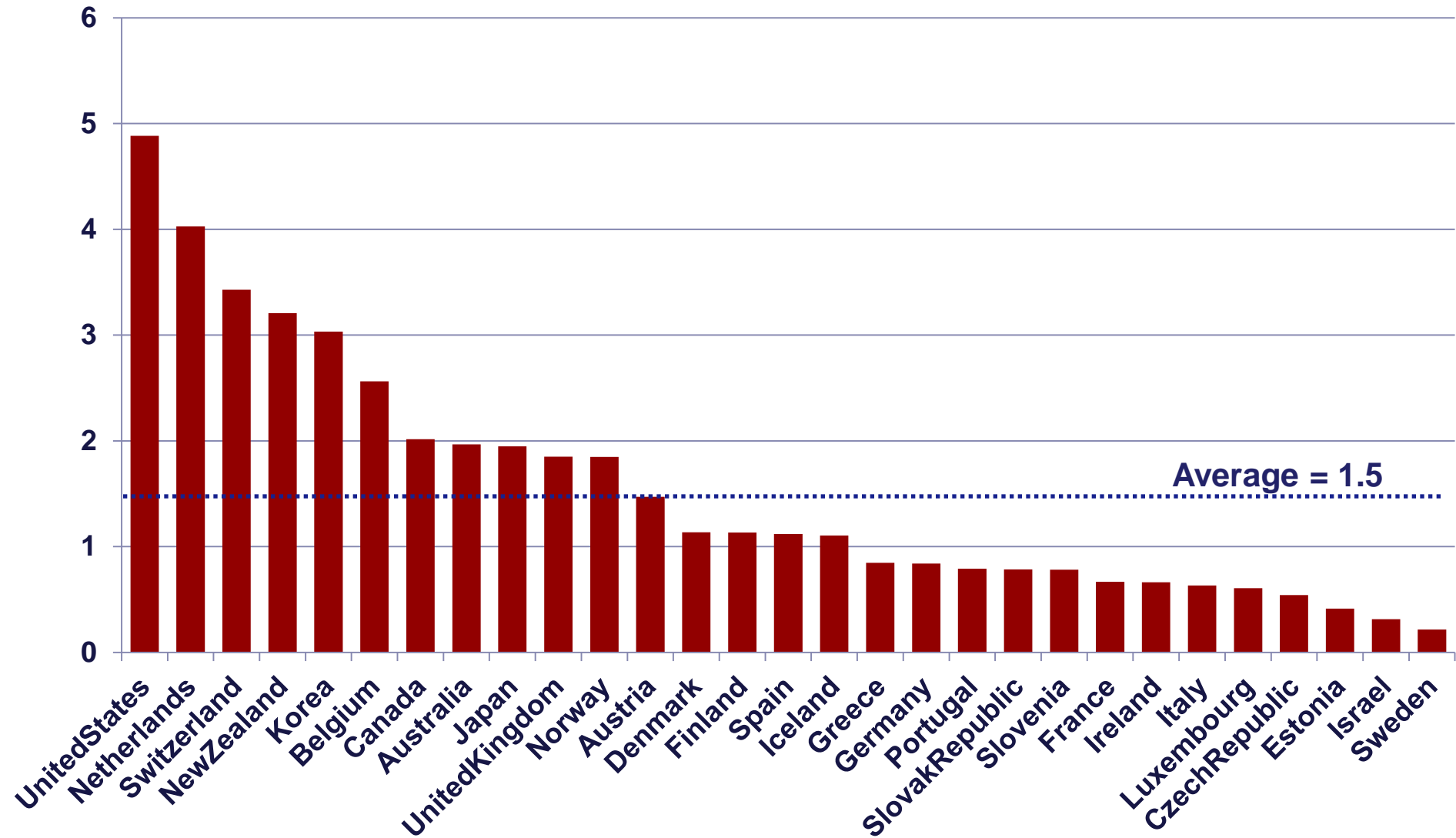
Public Debt Levels Remain High in Advanced Economies



Source: IMF Fiscal Monitor (2013 October).

Rising Health Spending Will Impose Fiscal Pressure in Advanced Economies

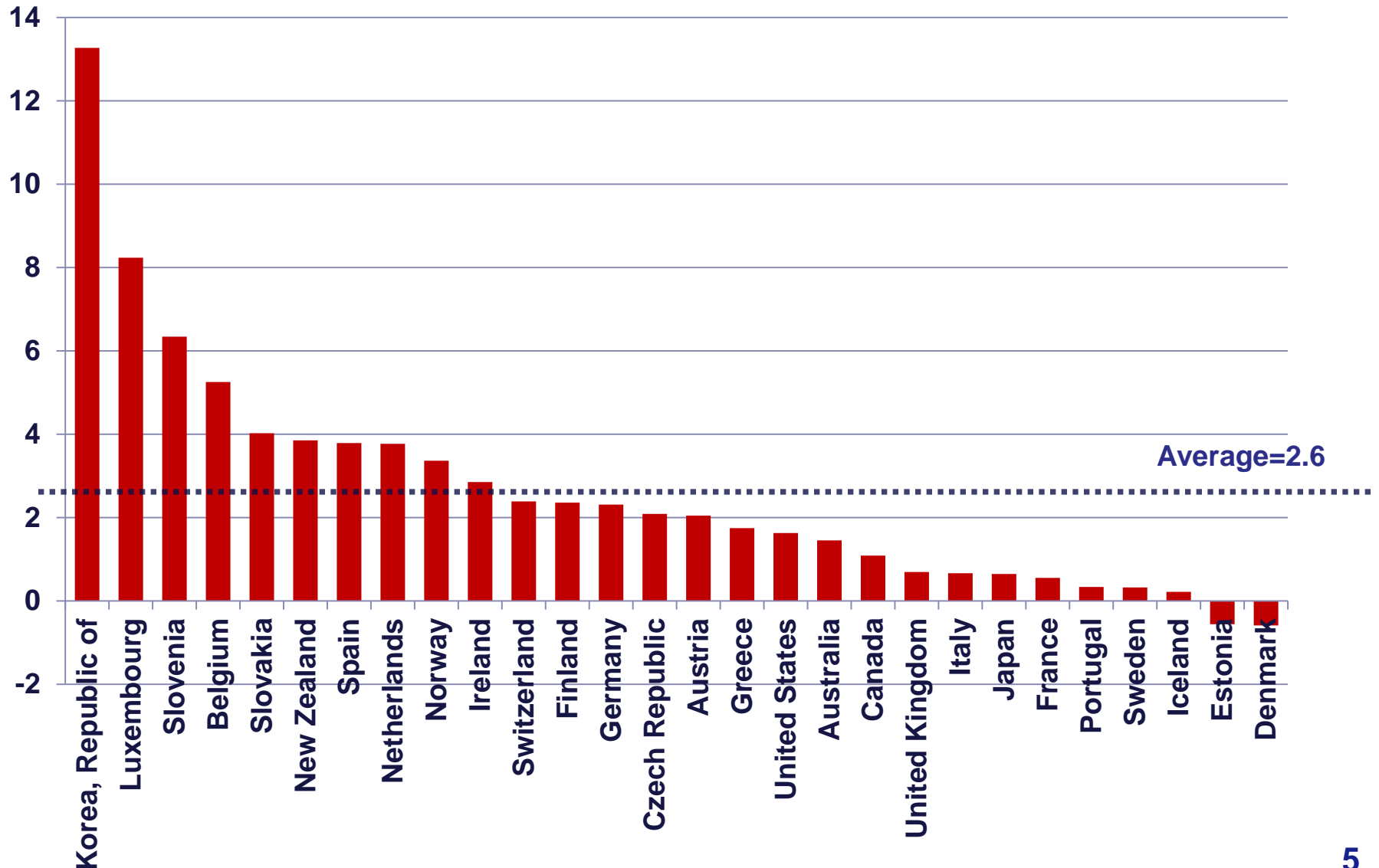
(change in public health spending, 2013-30, in percent of GDP)



Average = 1.5

Public Pension Spending Is Projected to Rise in Advanced Economies

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

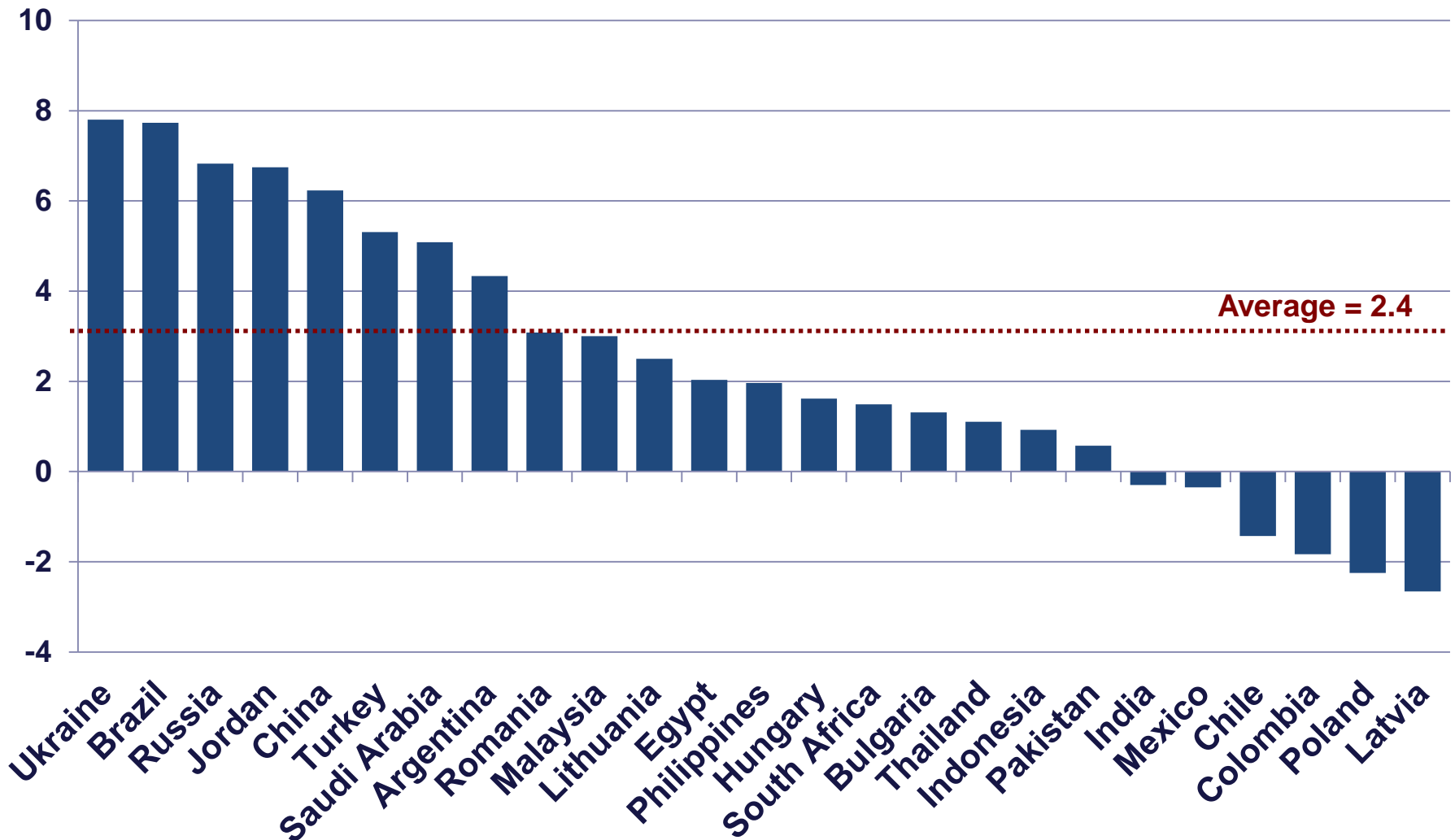


Average=2.6

Source: IMF Fiscal Monitor (2013 October).

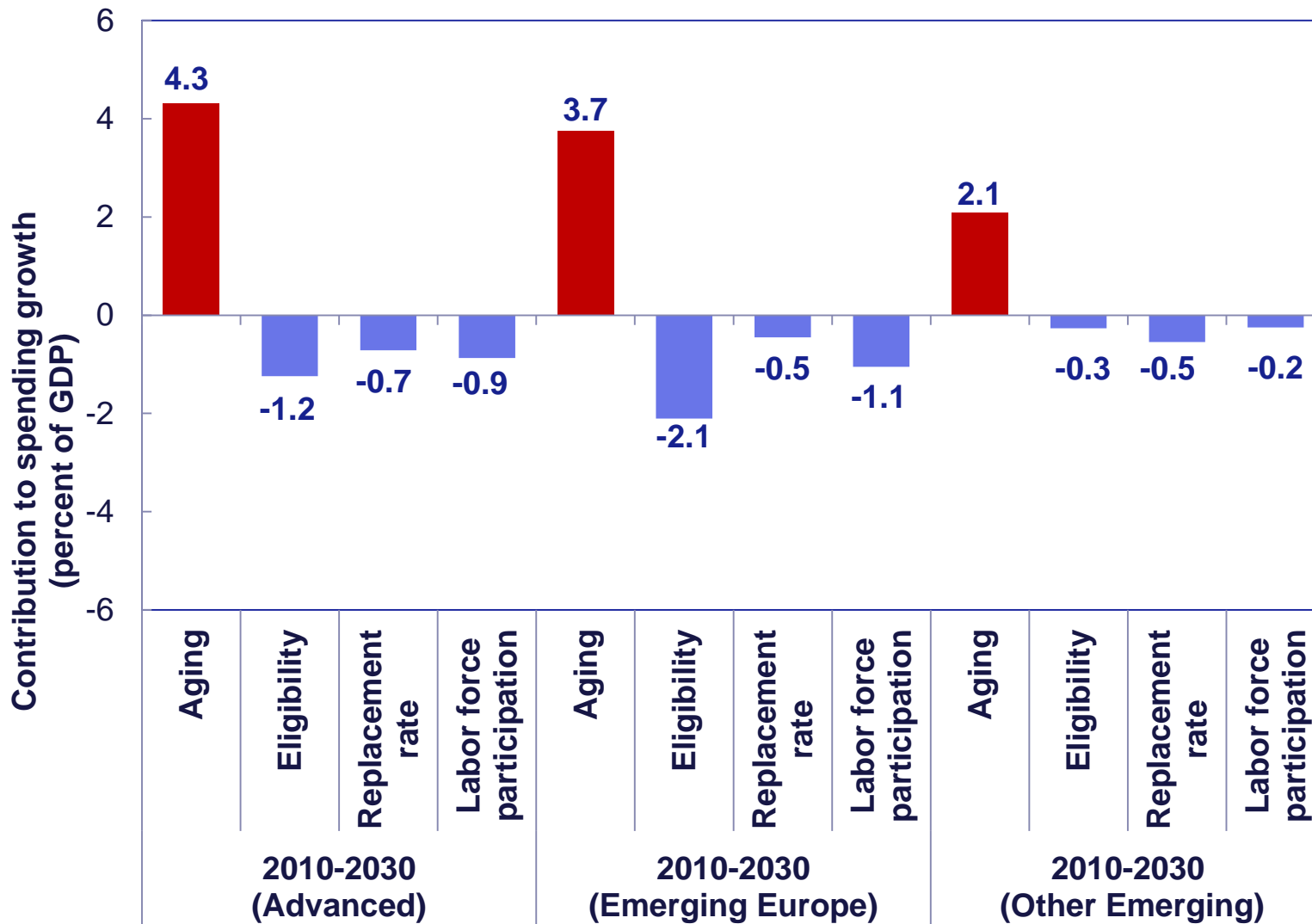
Public Pension Spending Will Also Rise in Emerging Economies

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



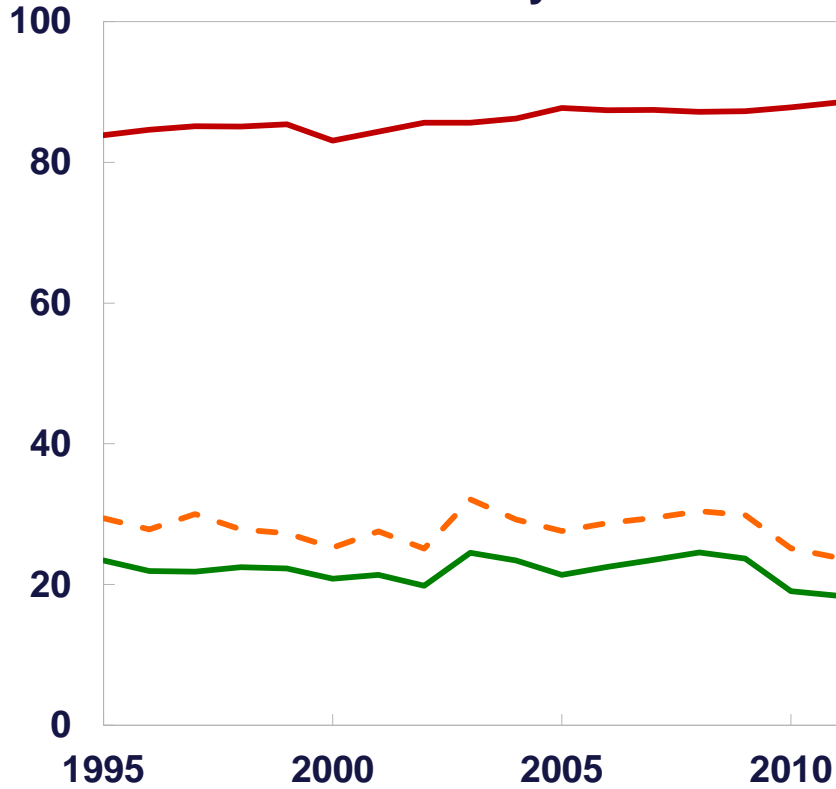
Average = 2.4

Aging Will Be the Main Driver of Higher Expenditures



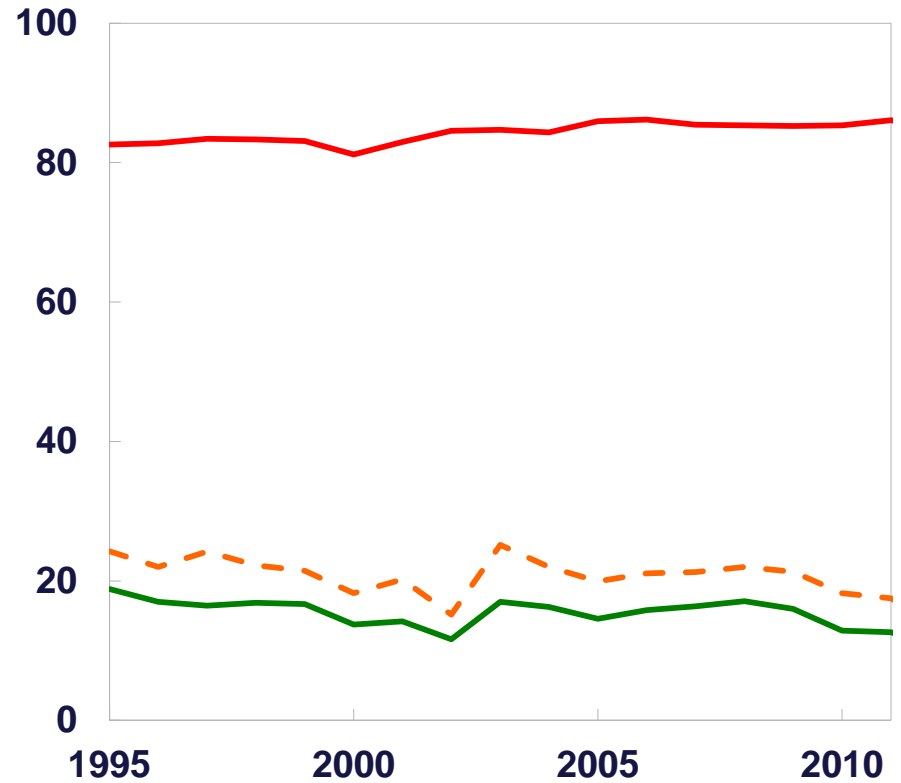
Equity Challenge 1: Maintain Large Redistributive Role of Pensions

Female Poverty Rates



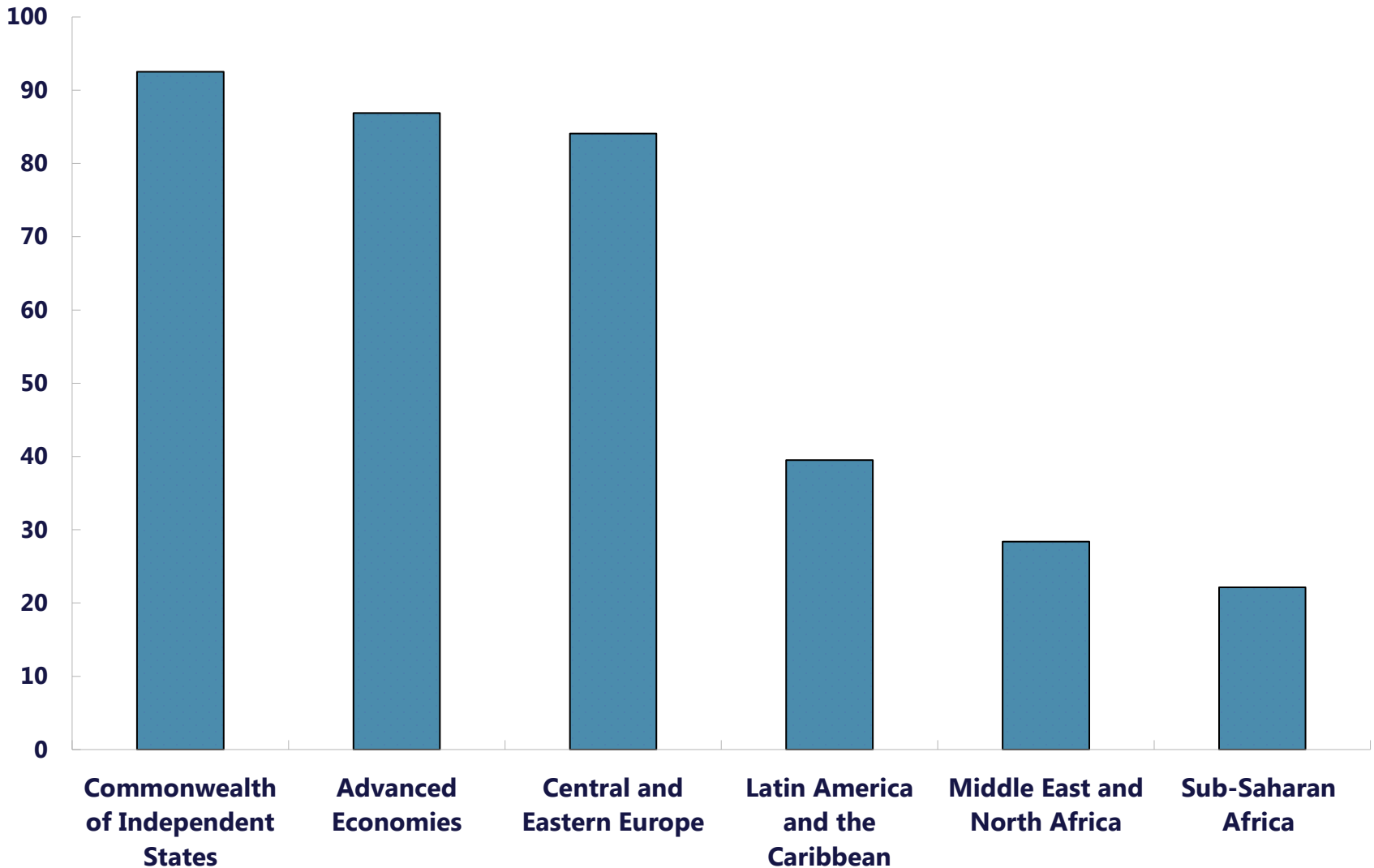
- Excluding pensions and other social transfers
- - Excluding other social transfers

Male Poverty Rates



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

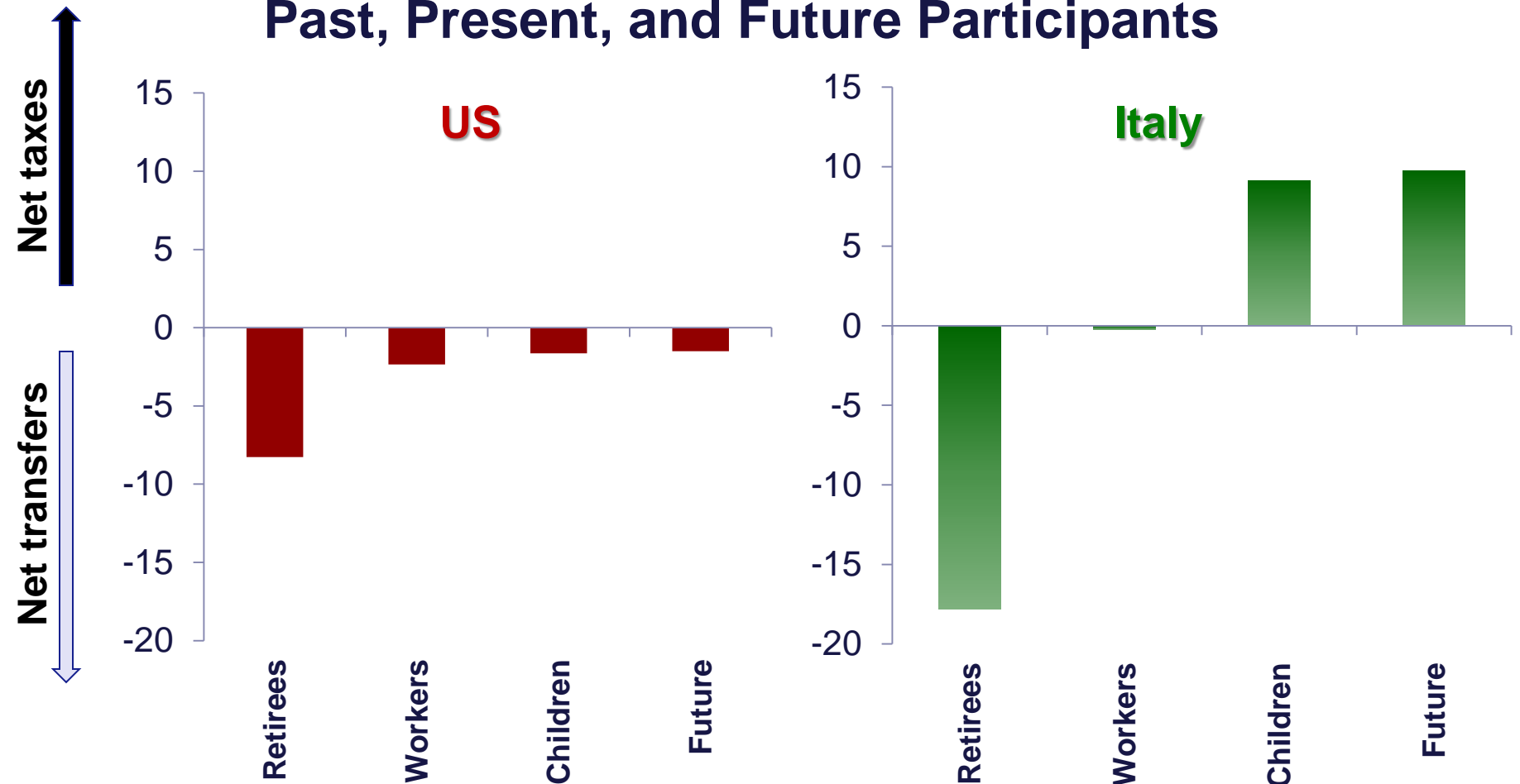
Equity Challenge 2: Expand Coverage (Intragenerational equity)



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!

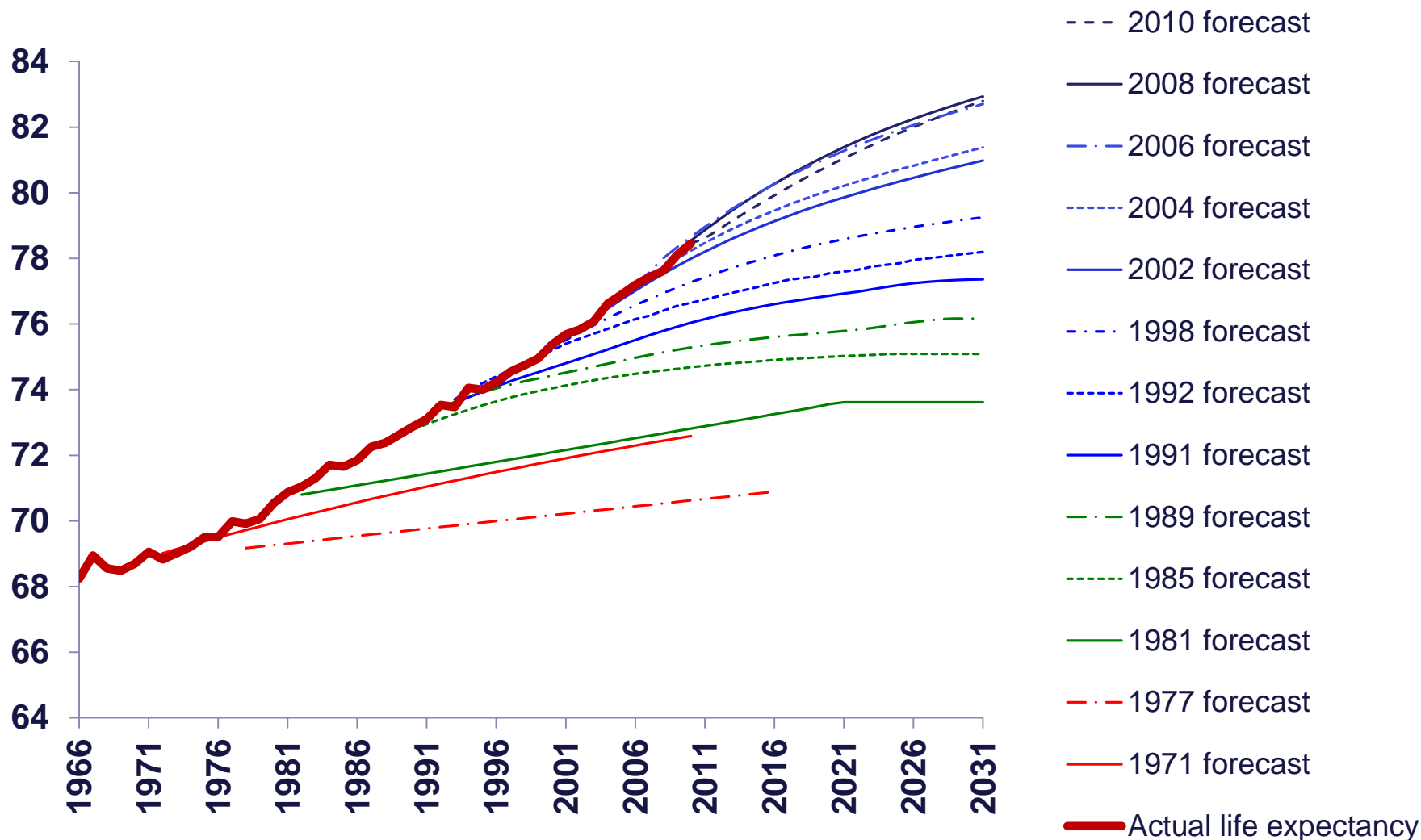
Our recent book Equitable and Sustainable Pensions: Challenges and Experience is available for purchase online:

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

Risks to Projections: Higher Than Expected Aging

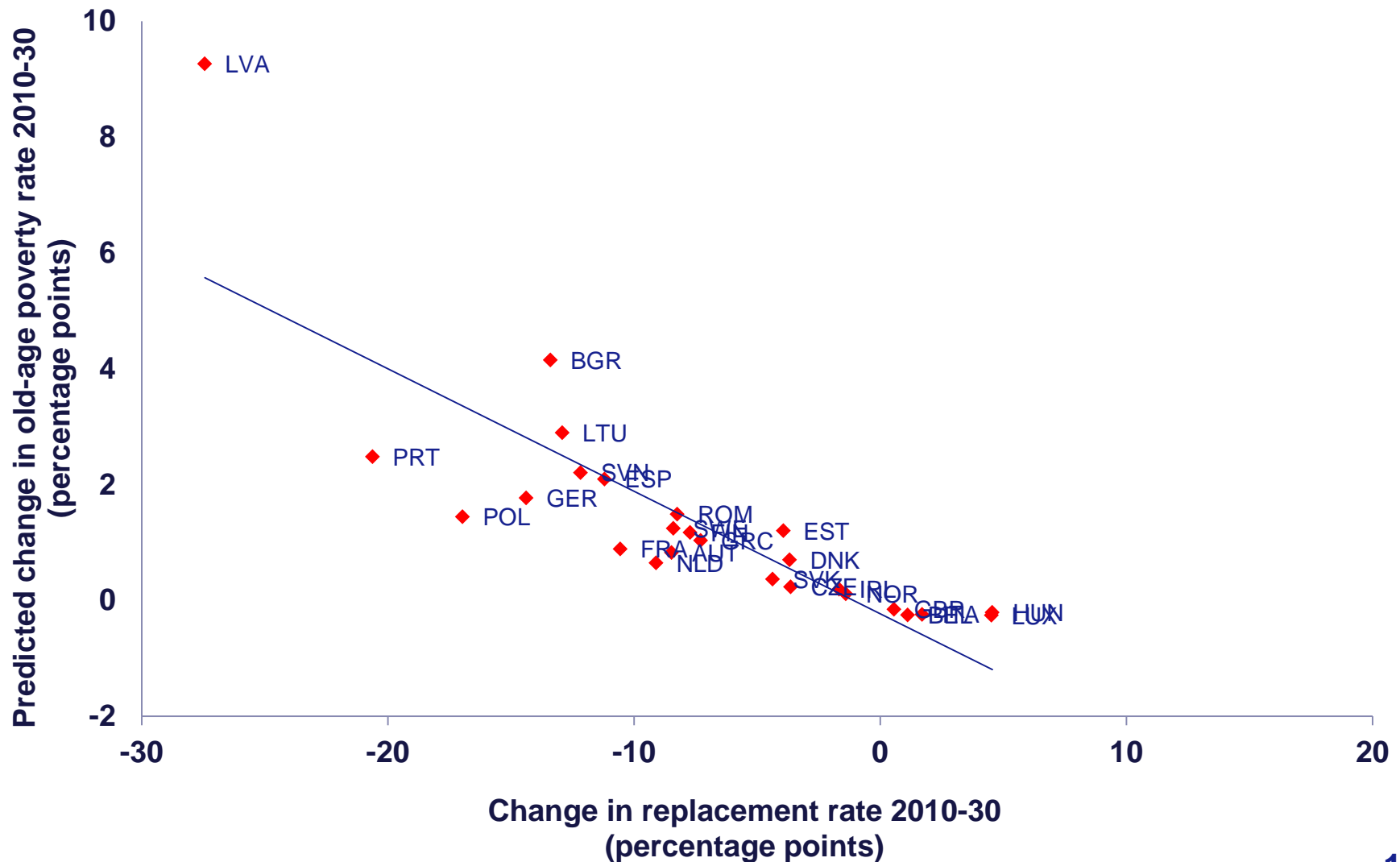


United Kingdom: Projected Life Expectancy at Birth for Males, 1966–2031



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*