Executive summary

Pensions are a major policy issue in developed and developing economies alike. However, pension reform is challenging and controversial because it involves long-term planning by governments faced with numerous short-term pressures. It often provokes heated ideological debates and, sometimes, street protests.

Economies can learn valuable lessons from others' pension systems and their experiences of retirement-income reforms. However, national pension systems are very complicated, involving much institutional, technical, and legal detail. Consequently, international comparisons are very difficult to undertake, making it impossible to transfer policy lessons between economies.

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 people with different visions for the future of pensions can all use as a reference point.

International comparisons of retirement-income regimes to date have mainly focused on *financial* sustainability: whether the pension promises made to today's workers will be affordable in the future. Much less attention has been paid to the future adequacy of pension benefits, the impact of pension reforms on the distribution of income among older people and ways of combating old-age poverty. These issues, which may be termed *social* sustainability, are a core concern of this study.

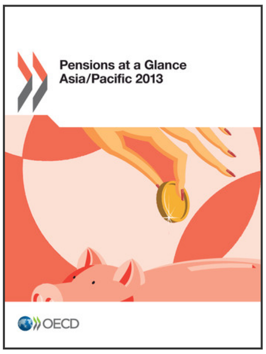
This third edition of *Pensions at a Glance: Asia/Pacific* provides a reference for pension comparison throughout the region. The format of the report follows that of the previous reports which were based on the OECD's *Pensions at a Glance* series, which covers the 34 OECD member countries.

The values contained within reflect the pension parameters at 2012. As with the original publications the report is concerned with single pensioners rather than family units.

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. Both of 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 2 of the report provides detailed background information for all of the non-OECD economies covered as well as economy specific tables and charts. Information on the OECD countries is available in the *Pensions at a Glance* series.

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, 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 there are four additional OECD countries 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.

The results within this report 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, known as high earners, again where this level of earnings applies 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 standard 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.



From:
Pensions at a Glance Asia/Pacific 2013

Access the complete publication at:
https://doi.org/10.1787/pension_asia-2013-en

Please cite this chapter as:

OECD (2013), “Executive summary”, in *Pensions at a Glance Asia/Pacific 2013*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/pension_asia-2013-2-en

OECD