PENSION REFORMS OR CONSEQUENCES OF THE ECONOMIC CRISIS? MEASURING THE CHANGES OF PENSION INCOMES IN SELECTED EU COUNTRIES USING APC APPROACH

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Ageing Europe – An Application of National Transfer Accounts for Explaining and Projecting Trends in Public Finances

MOTIVATION

How pension incomes of different cohorts change?

- The pension incomes at different ages are changing in many developed countries
  - pension reforms that lead to changing pension levels
  - changes in the working lives lead to postponement of the retirement
- The pension incomes were affected by the adjustments after financial and economic crisis in 2008
- Changes in the labour market participation of women result in changing levels of their pension income

METHOD AND DATA

- We use age-period-cohort (APC) decomposition to measure the cohort effects of the age profiles of pension income changes
- We investigate pension income of people born between 1927 and 1962 in 5 countries: Austria, Germany, Hungary, Poland and Sweden
- The age profiles are estimated using EU Survey on Income and Living Conditions data (EU-SILC) between 2005 and 2013

CONCLUSIONS

- The assumptions of pension reforms, that is the gradual adjustment of levels of pensions for younger cohorts, were achieved

- Changes are more visible in the countries that have demographic adjustments in the pension formulas: NDC in PL and SE or point system with demographic coefficient in DE

- Increasing the effective retirement ages is the policy tool that helps to maintain adequate pension incomes for younger cohorts