Future retirement ages

Key results

Future normal and early retirement ages will continue to rise. Assuming labour market entry at age 22 in 2022 the normal retirement age will increase to 66.3 for men and 65.8 for women on average across all OECD countries against 64.4 and 63.6 years, respectively, for retirement in 2022.

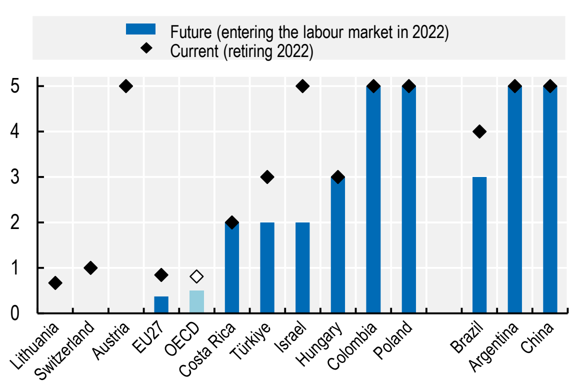
Normal retirement age

Across countries, the average normal retirement age for a man with a full career from age 22 is 66.3 years (hence around 2066) based on current legislation for men entering the labour market in 2022 against 64.4 for those retiring in 2022 (Figure 3.8). Meanwhile, the remaining life expectancy of men at age 65 is projected to increase on average from 18.0 to 22.9 years (see Chapter 6). So, the average legislated increase in men's normal retirement ages accounts for about 40% of the average projected increase in old-age life expectancy.

The normal retirement age of men will increase in 20 out of 38 OECD countries. The highest increase is projected for Türkiye, from 52 currently to 65 years for men and from 49 to 63 for women. Assuming that legislated life-expectancy links are applied, the retirement age will increase substantially also in Denmark, from 67 to 74 years, and Estonia, from 64.3 to 71 years. This is also true for Italy where the retirement age will increase from 64 in 2022 (as mentioned earlier, the retirement age in 2022 is temporarily lowered from 67 years) to 71 years for the modelled cohort. Likewise in Finland, Greece, the Netherlands, Portugal, the Slovak Republic and Sweden future pension ages are also being linked to increases in life expectancy with increases of between 2.5 and 6 years expected over the next 50 years. The lowest future retirement age for men equals 62 in Colombia, Luxembourg and Slovenia.

Figure 3.7. Gender gap in current and future normal retirement ages

Based on a full career from labour market entry at age 22



Note: See the StatLink.
Source: OECD based on information provided by countries.

StatLink https://stat.link/b04nhr

Among the nine OECD countries with gender differences in the normal retirement age in 2022, gender gaps will have been phased out everywhere in the OECD for the generation entering the labour market in 2022, except in Colombia, Costa Rica, Hungary, Israel, Poland and Türkiye (Figure 3.7). In Türkiye, it will be phased out for those entering in 2028.

Table 3.6 shows the rules for early, normal and late retirement by pension scheme for a person entering the labour force at age 22 in 2022.

Early retirement

Ignoring schemes with careers starting at a very early age, the early retirement age averages 62.2 years across the OECD, just over two years below the normal retirement age of 64.4 years (Figure 3.9). It will increase to 64.0 years, widening the gap with the average the normal retirement age of 66.4 years. Over half of OECD countries will not see any change in the early retirement age for those entering the labour market in 2022 compared to those retiring in 2022.

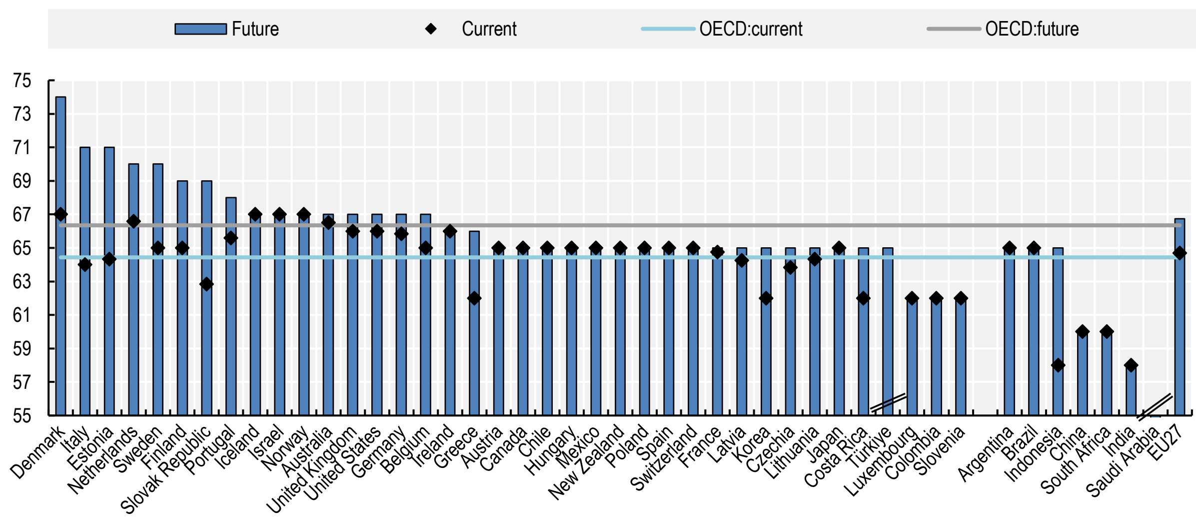
Figure 3.9 also shows the earlier retirement ages that are possible for those that have a full career from an early age. These long-career schemes are not a common practice but still exist in seven countries, Belgium, Denmark, France, Italy, Luxembourg, Portugal and Slovenia. It is possible to retire at age 57 in Luxembourg and at age 58 in France and Slovenia though in France contributions would have had to start before age 15. In Italy one can retire at age 59 with 41 years of contributions, whilst in Portugal it is possible at age 60 with contributions having started at age 14. For Denmark retirement is possible at age 64 if at least 44 years of labour market attachment has been achieved before age 61.

Late retirement

DB, FDC and points schemes usually compensate the shorter expected retirement spell by bonuses which tend to be higher than the penalties for early retirement, with a maximum rate of about 12% per year in case of a 10-year deferral in the basic/targeted scheme of Denmark and in some exceptional cases for a one-year deferral in the Portuguese DB scheme. Belgium, Colombia, France in the mandatory occupational scheme, Greece and Luxembourg, deviate by not paying an additional deferral bonus in DB or points schemes. Many basic, minimum and targeted schemes do not pay a bonus either. Late retirement ages, maximum accrual rates and maximum pensions stop the accrual of pension rights in some countries (see note of Table 3.4).

Figure 3.8. Current and future normal retirement ages for a man with a full career from age 22

Current and future refer to retiring 2022 and entering the labour market in 2022, respectively

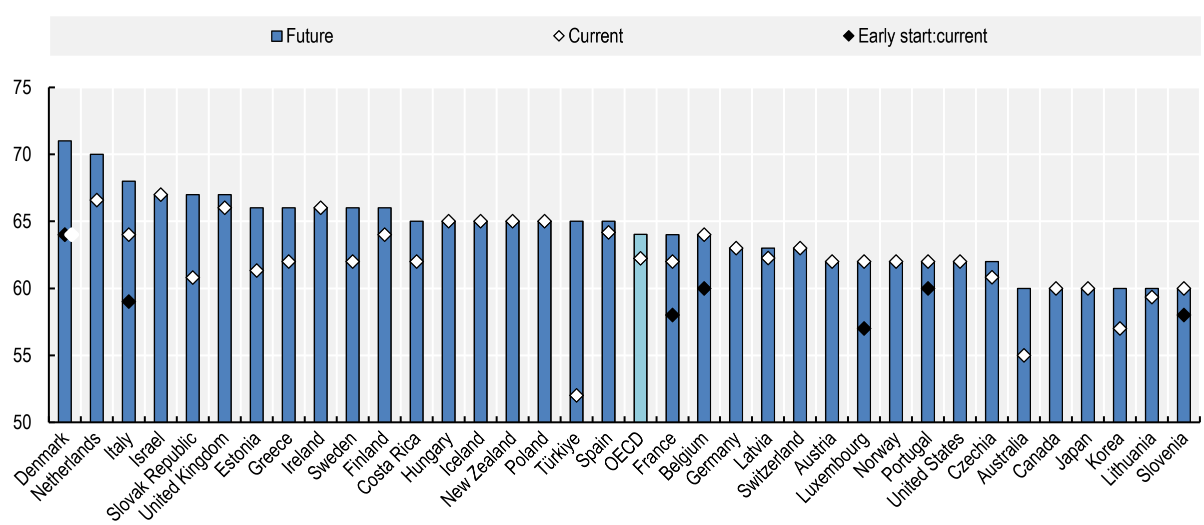


Note: NRA: current and NRA: future refer to retiring in 2022 and entering the labour market in 2022, respectively. For better visibility, the scale of this chart excludes the lowest observed values of 52 for current in Türkiye and 47 for both current and future in Saudi Arabia. Credits for educational periods are not included.
Source: OECD based on information provided by countries; see "Country Profiles" available at http://oe.cd/pag.

StatLink https://stat.link/f9zejl

Figure 3.9. Current and future early retirement ages for a man with a full career from age 22

Current and future refer to retiring in 2022 and entering the labour market in 2022, respectively



Note: See Table 3.5 and Table 3.6. Chile, Colombia and Mexico are not included as early retirement is possible at any age subject to reaching a minimum benefit level. Early start case involves the career starting well before age 22.
Source: OECD based on information provided by countries; see "Country Profiles" available at http://oe.cd/pag.

StatLink https://stat.link/5bqet2

Table 3.6. Future ages, penalties and bonuses for early, normal and late retirement by type of pension scheme

For an individual with an uninterrupted career after entering the labour market at age 22 in 2022

		Scheme	Early age	Penalty (p.a.)	Normal age	Bonus (p.a.)			Scheme	Early age	Penalty (p.a.)	Normal age	Bonus (p.a.)
Australia		T	n.a.		**67**	0.0%	Israel (cont)	(W)	Basic	n.a.		**65**	5.0%
		FDC	60	..		..		(M)	FDC	67			
Austria		DB, Min	62	5.1%	**65**	4.2%		(W)	FDC	65			
Belgium		DB	63	0.0%	**67**	0.0%	Italy		NDC	68	..	**71**	..
		Min	n.a.		67	0.0%	Japan		Basic, DB	60	4.8%	**65**	8.4%
Canada		Basic	n.a.		**65**	7.2%	Korea		Basic, DB	60	6.0%	**65**	7.2%
		T	n.a.		65	0.0%	Latvia		NDC, Min, FDC	63	..	**65**	..
		DB	60	7.2%	65	8.4%	Lithuania		Basic, Points	60	3.84%	**65**	8.0%
Chile		Min, T	n.a.		**65**	0.0%	Luxembourg		Basic, DB, Min	62	0.0%	**62**	0.0%
	(M)	FDC	any age & SL	..	65	..	Mexico		Basic	n.a.		**65**	
	(W)	FDC	any age & SL	..	60	..			Min	60		65	0.0%
Colombia	(M)	DB, Min	n.a.		**62**				FDC	60 or SL	..		..
	(M)	FDC	any age & SL		62		Netherlands		Basic	n.a.		**70**	0.0%
	(W)	DB, Min	n.a.		**57**				DB (Occ)	sector-specific	..		..
	(W)	FDC	any age & SL		57		New Zealand		Basic	n.a.		**65**	0.0%
Costa Rica	(M)	DB, FDC	n.a.		**65**	1.6%	Norway		T	n.a.		**67**	0.0%
	(W)	DB, FDC	n.a.		**63**	1.6%			NDC	62	..		..
Czechia		DB	62	6.0%	**65**	6.0%			FDC (Occ)	62	..		..
		Basic, Min	62	0.0%	65	0.0%	Poland	(M)	NDC, Min	n.a.		**65**	..
Denmark		Basic, T	n.a.		**74**	6.9-11.9% [l]		(W)	NDC, Min	n.a.		**60**	..
		FDC (ATP)	74	..		5.0%	Portugal		DB	62	6.0%	**68**	0.0-12.0% [l,w,y]
		FDC (Occ)	71	..		..			Min	n.a.		68	0.0%
Estonia		Basic, points	66.0	5.1%	**71**	5.6%	Slovak Republic		Points, Min	67 & SL	3.9-6.5%	**69**	6.0%
Finland		DB	66	4.8%	**69**	4.8%	Slovenia		DB, Min	60	3.6%	**62**	3.0%
		T	n.a.		69	4.8%	Spain		DB, Min	63	6.0% [y]	**65**	4.0% [y]
France		DB, Min	64	5.0%	**65**	5.0%	Sweden		T	n.a.		**70**	0.0%
		Points	57	4-5.7.0% [l,y]	65	0.0%			NDC, FDC	66	..		..
Germany		Points	63	3.6%	**67**	6.0%			FDC (Occ)	55	..	70	..
Greece		Basic, DB, NDC	66	6.0%	**66**	0.0%	Switzerland		DB, Min	63	6.8%	**65**	5.2-6.3% [l]
Hungary	(M)	DB, Min	n.a.		**65**	6.0%			DB (Occ)	58	2.0-3.0% [l]	65	4.0-4.4% [l]
	(W)	DB, Min	n.a.		**62**	6.0%	Türkiye	(M)	DB, Min	n.a.		**65**	0.0%
Iceland		Basic, T	n.a.		**67**	6.0%		(W)	DB, Min	n.a.		**63**	0.0%
		FDC (Occ)	65	6.6%	67	6.0%	United Kingdom		Basic	n.a.		**67**	5.8%
Ireland		Basic	n.a.		**66**	0.0%			FDC (Occ)	57		67	
Israel	(M)	Basic	n.a.		**67**	5.0%	United States		DB	62	6.7-5.0% [l]	67	8.0%

Note: (M) = men, (W) = women, [a] = depending on age, [l] = depending on length of anticipation or deferral, [y] = depending on number of contribution years, n.a. = early retirement is not available, Min = minimum pension, Occ = occupational, SL = subsistence level reached, T = targeted,. = no data indicated as benefits in DC schemes automatically adjusted to the age of retirement in an actuarially neutral way. Normal and early retirement ages for a scheme describe the ages at which the receipt of a pension, respectively, with and without penalties is first possible, assuming labour market entry at age 22 and an uninterrupted career. Where retirement ages for men and women differ they are shown separately. The reference retirement age used in the modelling has been bolded. Denmark: The bonus rate in the basic/targeted scheme is based on life expectancy at the age of first pension receipt and therefore depends on the length of deferral. Slovak Republic: For women with children the pension age is reduced dependent on the number of children. Finland: Only partial early retirement on 25% or 50% of accrued pension rights is possible from age 61. In Greece and Latvia, there are temporary penalties of early retirement until the normal retirement age of 10% and 50% of the pension respectively. *There is no bonus for postponing retirement in Luxembourg but the accrual rate is higher for each year that the sum of the individual's age and number of contribution years will exceed 100. Credits for educational periods are not included.

Source: OECD based on information provided by countries; see "Country Profiles" available at http://oe.cd/pag.

StatLink https://stat.link/gmyqhx

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