

#### Key results

The rules for eligibility to retire and withdraw a pension benefit are complex and often reflect conflicting objectives. This is all mirrored in the different criteria for pension benefit withdrawal in different schemes. The 2020 average normal retirement age across OECD countries for an individual with a full career and who entered the labour market at age 22 was equal to 63.4 years for women and 64.2 years for men. Turkey is an outlier with a normal retirement age of 49 and 52 for women and men, respectively. Except for Turkey, the lowest ages are 57 for women in Colombia and 62 for men in Colombia, Luxembourg and Slovenia. Iceland, Norway and, for men only, Israel have the highest normal age of 67. The largest gender difference was five years in Austria, Colombia, Israel and Poland.

In many OECD countries, different rules apply to different components of the overall retirement-income package. The normal retirement age reflects the age of eligibility to all schemes combined without penalty after a full career from age 22. Therefore, where normal retirement ages differ across pension schemes the maximum across schemes defines the normal retirement age of the country.

Table 3.5 shows the rules for both normal and early retirement for mandatory pension schemes. “Normal” retirement is defined as receiving a full pension without penalties. In some schemes, a pension can be claimed earlier, from the “early” retirement age onwards, implying benefit penalties that adjust for the longer retirement spell. The indicated ages are theoretical, applying to a person entering the labour force at age 22 and working without interruption. Chapter 6 looks at effective ages of labour market exit and employment rates at older ages.

#### Early age

A very early pension withdrawal is often only possible in occupational pension plans, like in Australia, France and Sweden at age 55. The non-occupational public schemes in both Korea and Lithuania allow receiving benefits before age 60. In the FDC schemes of Chile, Colombia and Mexico and the DB scheme in the Slovak Republic, early retirement requires that the pension entitlements exceed a floor that is a proxy for the subsistence level. In the Slovak Republic, this is only possible within two years to the normal retirement age while no age condition apply in Chile, Colombia and Mexico.

In general, most DB and points schemes specify an early retirement age next to the normal retirement age. Public DB or points schemes typically allow withdrawing a pension between two and five years earlier than the normal retirement age. In Greece and Luxembourg the early and normal retirement ages coincide for the case of an uninterrupted career from age 22.

Only in Austria (for women), Costa Rica, Hungary, Turkey and the United Kingdom do DB schemes currently not include an early retirement option. Basic pensions and targeted schemes often exclude such a possibility as well. Exceptions are found where the public pension consists of both a basic and a DB component, like in the Czech Republic and Japan.

For comparison across countries it is assumed that all pension pots within DC schemes are annuitised, even if this is not the case in practice. Then there is an automatic actuarial adjustment to the remaining life expectancy at the point of initial claim.

#### Normal retirement age

In many OECD countries, different normal retirement ages apply to different components of the overall retirement-income package. In particular, in those countries where targeted schemes have a higher eligibility age than the earnings-related scheme, the age of pension benefit withdrawal may in practice differ across earnings levels – individuals with high earnings-related pensions might afford to retire before having access to first-tier components. Pension schemes in 10 countries still specify normal retirement ages by gender setting a lower age for women than for men.

The OECD defines the normal retirement age in a given country as the age of eligibility of all schemes combined without penalty, based on a full career after labour market entry at age 22. Women in Chile, for example, are eligible for the defined contribution component at age 60 but they are not eligible to the targeted pension before age 65. The latter is therefore recorded as their normal retirement age in 2020 (Figure 3.6).

In 2020, the OECD average normal retirement age was equal to 64.2 years for men and 63.4 years for women. It ranges from 49 for women and 52 for men in Turkey to 67 in Iceland, Norway and, for men only, Israel. The statutory retirement age in Italy is 64 years 10 months but if the career length and retirement age combined sum to at least 100 then retirement is possible without penalty, at age 62 in 2020, which is therefore the 2020 normal retirement age; this condition is being removed from 2021 onwards. The largest gender difference of five years are in Austria, Colombia, Israel and Poland – the gap is also five years for the DC scheme in Chile but because women are only eligible to the targeted scheme at age 65, this difference is eliminated. In non-OECD G20 countries normal retirement ages tend to be lower, except for men in Argentina and Brazil at 65. Gender differences exist in half of those countries but not in India, Indonesia, Saudi Arabia and South Africa (Figure 3.6).

Table 3.5. **Current early and normal retirement ages by type of pension scheme**

For an individual retiring in 2020 after an uninterrupted career from age 22

Scheme				Scheme			
		Early	Normal			Early	Normal
Australia	T	n.a.	66	Israel (cont)	men	FDC	67
	FDC	55	..		women	FDC	62
Austria	men	DB, Min	62	Italy		NDC/DB	62
	women	DB, Min	n.a.	Japan		Basic, DB	60
Belgium		DB	63	Korea		Basic, DB	57
		Min	n.a.	Latvia		NDC, Min, FDC	61.8
Canada	Basic, T	n.a.	65	Lithuania	men	Basic, points	59
	DB	60	65		women	Basic, points	58
Chile	Min, T	n.a.	65	Luxembourg		Basic, DB, Min	62
	men	FDC	any age & SL	Mexico		Min	60
	women	FDC	any age & SL			Basic	n.a.
Colombia	men	DB, Min	n.a.			DB, FDC	60 or SL
	men	FDC	any age & SL	Netherlands		Basic	n.a.
	women	DB, Min	n.a.			DB (Occ)	sector-specific
	women	FDC	any age & SL	New Zealand		Basic	n.a.
Costa Rica	men	DB, FDC	n.a.	Norway		Basic, T	n.a.
	women	DB, FDC	n.a.			DB	62
Czech Republic	Basic, DB, Min	60	63.7			FDC	62
Denmark	Basic, T	n.a.	65.5	Poland	men	DB/NDC, Min	n.a.
	FDC (ATP)	65.5	..		women	DB/NDC, Min	n.a.
	FDC (Occ)	60	..	Portugal		DB	62
Estonia	Basic, points	60.8	63.8			Min	n.a.
	FDC	62	..	Slovak Republic		Points, Min	60.7 & SL
Finland	DB	63	65	Slovenia		DB, Min	60
	T	63.8	65	Spain		DB, Min	63
France	DB, Min	62	63.5	Sweden		Basic, T	n.a.
	Points	55	64.5			DB/NDC, FDC	62
Germany	Points	63.7	65.7			FDC (Occ)	55
	T	n.a.	65.7	Switzerland	men	DB, Min	63
Greece	Basic, DB, NDC	62	62		women	DB, Min	62
Hungary	men	DB, Min	n.a.		men	DB (Occ)	58
	women	DB, Min	n.a.		women	DB (Occ)	58
Iceland	Basic, T	n.a.	67	Turkey	men	DB, Min	n.a.
	FDC (Occ)	65	67		women	DB, Min	n.a.
Ireland	Basic	n.a.	66	United Kingdom		Basic, DB	n.a.
Israel	men	Basic	n.a.	United States		DB	62

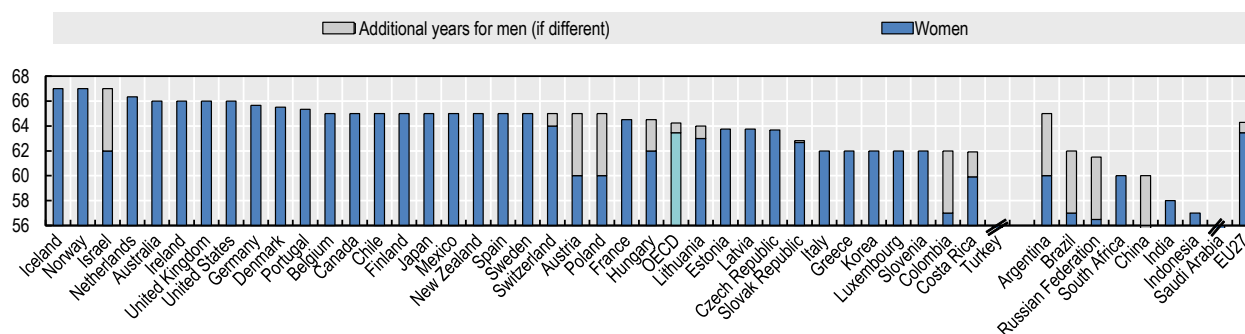
Note: n.a. = early retirement or deferral of pension is not available; Occ = occupational, Min = minimum pension, SL = subsistence level reached, T = targeted, .. = no normal retirement age indicated as benefits automatically adjusted to the age of retirement in an actuarially neutral way. Normal and 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. 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/xl2acr>

Figure 3.6. **Current normal retirement age by gender**

For an individual retiring in 2020 after an uninterrupted career from age 22



Note: For better visibility, the scale of this chart excludes the lowest observed values, which equal 47 for both men and women in Saudi Arabia, 49 and 52 for women and men, respectively, in Turkey. The retirement age for women in China depends on the type of work and lies between 50 and 60. 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/3vszen>



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