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 2018 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 63.5 years for women and 64.2 years for men. The lowest normal retirement age applied in Turkey, equalling 48 and 51 for women and men, respectively. Iceland, Norway and, for men only, Israel and Italy had the highest normal age of 67. The largest gender difference was 5 years in Austria and Israel, and 4.2 years in Poland.

Table 4.4 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 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 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 2 and 5 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), Hungary, Turkey and the United Kingdom DB schemes currently do 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.

In DC systems the benefit level automatically actuarially adjusts, through the annuity divisor, to the remaining life years at the age of first benefit claim. Therefore, only an early age is indicated in Table 4.4 for such schemes. However, the NDC schemes in Italy, Latvia and Poland still specify a standard retirement age indicated as normal retirement age in the table.

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 14 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, 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 2018 (Figure 4.4).

In 2018, the OECD average normal retirement age was equal to 64.2 years for men and 63.5 years for women. It ranges from 48 for women and 51 for men in Turkey to 67 in Iceland, Norway and, for men only, Israel and Italy. The largest gender difference of 5 years are in Austria and Israel. In non-OECD G20 countries normal retirement ages tend to be lower, except for men in Argentina at 65. Gender differences exist in half of those countries but not in India, Indonesia, Saudi Arabia and South Africa.

Table 4.4. **Current early and normal retirement ages by type of pension scheme**

For an individual retiring in 2018 after an uninterrupted career from age 22

|		Scheme	Early	Normal			Scheme	Early	Normal
Australia		T	n.a.	65	Japan	men	Basic, DB	60	65
		FDC	55	..		women	Basic, DB	60	64
Austria	men	DB, Min	62	65	Korea		Basic, DB	57	61
	women	DB, Min	n.a.	60	Latvia		NDC, Min, FDC	60.8	62.8
Belgium		DB	63	65	Lithuania	men	Points	58.6	63.6
		Min	n.a.	65		women	Points	56.9	61.9
Canada		Basic, T	n.a.	65	Luxembourg		Basic, DB, Min	62	62
		DB	60	65	Mexico		T, Min	n.a.	65
Chile		Min, T	n.a.	65			FDC	60 or SL	..
	men	FDC	any age & SL	65	Netherlands		Basic	n.a.	65.8
	women	FDC	any age & SL	60			DB (Occ)	sector-specific	..
Czech Republic	men	Basic, DB, Min	60	63.2	New Zealand		Basic	n.a.	65
	women	Basic, DB, Min	60	62.7	Norway		Basic, T	n.a.	67
Denmark		Basic, T	n.a.	65			DB	62	67
		FDC (ATP)	65	..	Poland	men	NDC, Min	n.a.	65
		FDC (Occ)	60	..		women	NDC, Min	n.a.	60.8
Estonia		Basic, points	60.3	63.3	Portugal		DB	62	65.2
		FDC	62	..			Min	n.a.	65.2
Finland		DB	63	65	Slovak Republic	men	DB, Min	60.2 & SL	62.2
		T	63.3	65		women	DB, Min	60.2 & SL	62.2
France		DB, Min	62	63.3	Slovenia	men	DB, Min	60	62
		Points	55	63.3		women	DB, Min	60	61.7
Germany		Points	63	65.5	Spain		DB, Min	63	65
		T	n.a.	65.5	Sweden		Basic, T	n.a.	65
Greece		Basic, DB	62	62			NDC, FDC	61	..
Hungary	men	DB, Min	n.a.	63.5			FDC (Occ)	55	65
	women	DB, Min	n.a.	62	Switzerland	men	DB, Min	63	65
Iceland		Basic, T	n.a.	67		women	DB, Min	62	64
		DB (Occ)	65	67		men	DB (Occ)	58	65
Ireland		Basic, T	n.a.	66		women	DB (Occ)	58	64
Israel	men	Basic, T	n.a.	67	Turkey	men	DB, Min	n.a.	51
	women	Basic, T	n.a.	62		women	DB, Min	n.a.	48
	men	FDC	67	..	United Kingdom	men	Basic, DB	n.a.	65
	women	FDC	62	..		women	Basic, DB	n.a.	62.7
Italy	men	NDC + DB	63.6	67			T	n.a.	62.7
	women	NDC + DB	63.6	66.6	United States		DB	62	66

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. Slovak Republic: For women with children the normal retirement age is reduced dependent on the number of children, with a minimum of 59.75. Finland: Early partial retirement on 25% or 50% of accrued pension rights is possible from age 61.

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

StatLink *https://doi.org/10.1787/888934041307*

Figure 4.4. **Current normal retirement age by gender**

For an individual retiring in 2018 after an uninterrupted career from age 22
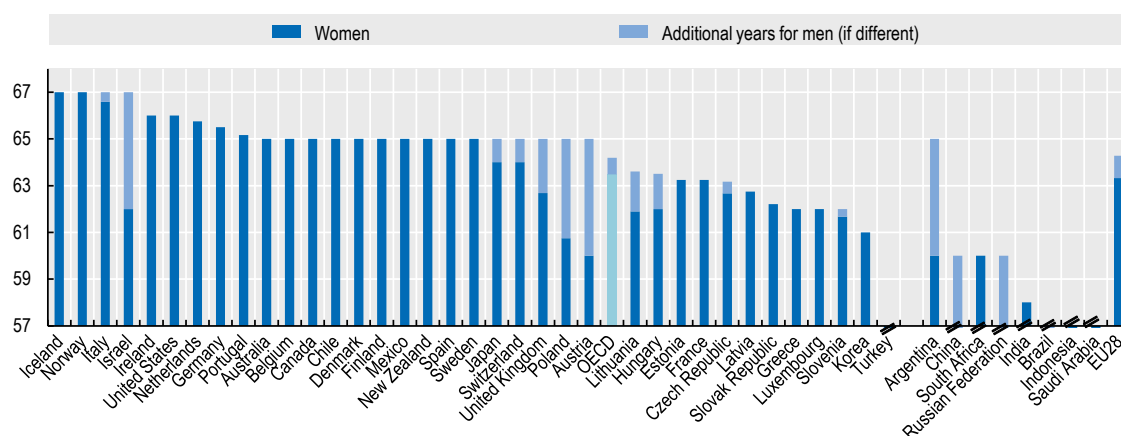
Note: For better visibility, the scale of this chart excludes the lowest observed values, which equal 47 for both men and women in Saudi Arabia, 48 and 51 for women and men respectively in Turkey, 52 for women in Brazil, 55 for women in the Russian Federation, 56 for both men and women in Indonesia and 57 for men in Brazil. The retirement age for women in China depends on the type of work and lies between 50 and 60.

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

StatLink *https://doi.org/10.1787/888934041326*