

Key results

Future normal and early retirement ages will continue to rise. Assuming labour market entry at age 22 in 2018 the normal retirement age will increase to 66.1 for men and 65.7 for women on average across all OECD countries against 64.2 and 63.5 years, respectively, for retirement in 2018.

Normal retirement age

Across countries, the average normal retirement age for a man with a full career from age 22 equalled 64.2 years in 2018 (Figure 4.6). For the generation entering the labour market in 2018, this age will increase to 66.1 years (hence around 2062). Meanwhile, the remaining life expectancy of men at age 65 is projected to increase on average from 18.1 to 22.5 years (see Chapter 6), so by more than twice as much as the normal retirement age.

The normal retirement age of men will increase in 20 out of 36 OECD countries by an average of 3.5 years based on current legislation. The highest increase is projected for Turkey, from 51 currently to 62 years. Assuming that legislated life expectancy links are applied, also Denmark, from 65 to 74 years, and Estonia, from 63.3 to 71 years, will rapidly raise the retirement age.

The lowest future retirement age for men equals 62 in Greece, Luxembourg, Slovenia and Turkey. Normal retirement ages in G20 countries outside the OECD tend to be lower, both today and in the future; in Saudi Arabia even below 50.

In 2018, gender differences in the normal retirement age existed in one-third of OECD countries Figure 4.5. However, for the generation entering the labour market in 2018, gender gaps will have been phased out everywhere in the OECD except in Hungary, Israel, Poland, Switzerland and Turkey. In Turkey, it will be phased out for those entering in 2028. Marked gender gaps also exist in several non-OECD G20 countries.

In many OECD countries, different rules apply to different components of the overall retirement-income package. Where normal retirement ages differ across pension schemes the maximum across schemes defines the normal retirement age of the country.

Table 4.5 shows the rules for early, normal and late retirement by pension scheme for a person entering the labour force at age 22 in 2018. The lowest normal age will apply in the FDC scheme of Chile for women, equalling 60 years. However, as women in Chile are not eligible to the targeted pension before 65 the latter is recorded as their normal retirement age.

Early retirement

In FDC schemes benefits are automatically actuarially adjusted to the age at retirement and, therefore, only an early retirement age is specified, like in Norway and Sweden for NDC. The NDC schemes in Italy, Latvia and Poland still specify a standard retirement age indicated as normal age in the table.

All DB and points schemes, except in Hungary and Turkey, will allow to claim a pension early. In Greece and Luxembourg early and normal retirement ages coincide for a full-career worker entering the labour market at age 22. Pension benefits for early retirees are usually reduced to reflect the longer durations in retirement. Only Belgium and Luxembourg do not impose such a penalty.

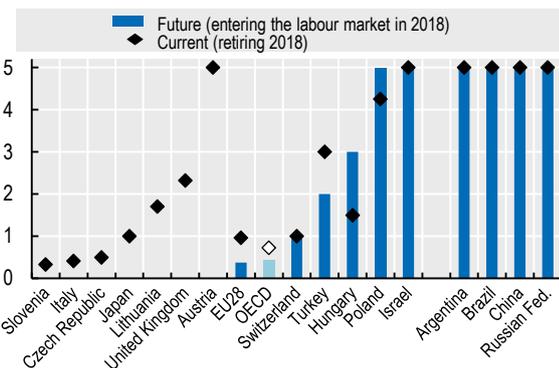
Residency-based basic and targeted schemes exclude the option for early pension receipt. The contribution-based schemes in the Czech Republic, Estonia, Greece, Japan, Korea and Luxembourg that pay both basic and earning-related components allow early retirement. Countries that combine basic or targeted schemes with occupational pensions typically set a comparatively low retirement age in the occupational scheme while the basic or targeted scheme assures a certain minimum retirement income only above 65.

Late retirement

Options for retirement deferral often mirror those for early pensions. DB, DC 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. France in the mandatory occupational scheme, Greece and, again, Belgium and Luxembourg, deviate by not paying a 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 accrual of pension rights in some countries (see note of Table 4.3).

Figure 4.5. **Gender gap in current and future normal retirement ages**

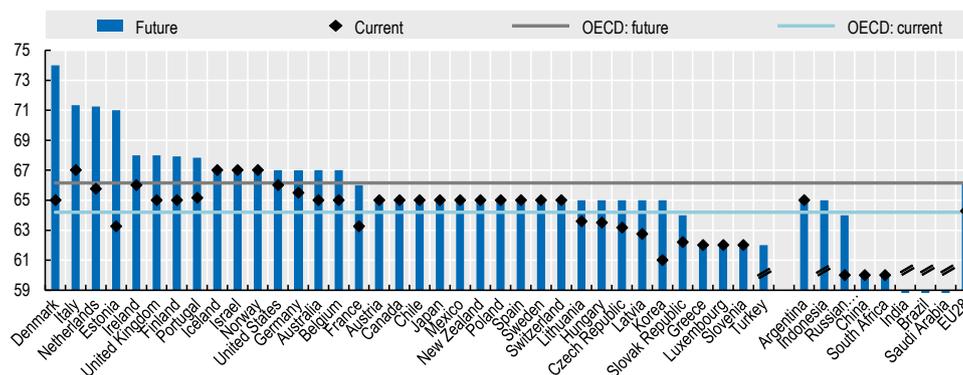
Based on a full career from labour market entry at age 22



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

StatLink <https://doi.org/10.1787/888934041345>

Figure 4.6. **Current and future normal retirement ages for a man with a full career from age 22**
 Current and future refer to retiring 2018 and entering the labour market in 2018, respectively



Note: For better visibility, the scale of this chart excludes the lowest observed values of 47 for both current and future in Saudi Arabia, 51 for current in Turkey, 56 for current in Indonesia, 57 for both current and future in Brazil and 58 for both current and future in India. More notes in the StatLink.
 Source: OECD based on information provided by countries; see “Country Profiles” available at <http://oe.cd/pag>.

StatLink <https://doi.org/10.1787/888934041364>

Table 4.5. **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 2018

	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%	Italy	NDC	68.3	..	71.3	..
	FDC	60	Japan	Basic, DB	60	6%	65	8.4%
Austria	DB, Min	62	5.1%	65	4.2%	Korea	Basic, DB	60	6%	65	7.2%
Belgium	DB	63	0%	67	0%	Latvia	NDC, Min, FDC	63	..	65	..
	Min	n.a.		67	0%	Lithuania	Points	60	4.8%	65	8%
Canada	Basic	n.a.		65	7.2%	Luxembourg	Basic, DB, Min	62	0%	62	0%*
	T	n.a.		65	0%	Mexico	T, Min	n.a.		65	0%
	DB	60	7.2%	65	8.4%		FDC	60 or SL
Chile	Min, T	n.a.		65	0%	Netherlands	Basic	n.a.		71.3	0%
	(M)	FDC	any age & SL	65	..		DB (Occ)	sector-specific
	(W)	FDC	any age & SL	60	..	New Zealand	Basic	n.a.		65	0%
Czech Republic	DB	60	3.6-6% [I]	65	6%	Norway	T	n.a.		67	0%
	Basic, Min	60	0%	65	0%		NDC	62
Denmark	Basic, T	n.a.		74	6.9-11.9% [I]		FDC (Occ)	62
	FDC (ATP)	74	Poland	(M) NDC, Min	n.a.		65	..
	FDC (Occ)	69		(W) NDC, Min	n.a.		60	..
Estonia	Basic, points	68	4.8%	71	10.8%	Portugal	DB	62	6%	67.8	0-12% [I, w, y]
	FDC	68		Min	n.a.		67.8	0%
Finland	DB	65	4.8%	67.9	4.8%	Slovak Republic	DB, Min	62 & SL	6.5%	64	6%
	T	n.a.		67.9	4.8%	Slovenia	DB, Min	60	3.6%	62	4%
France	DB, Min	62	5%	65	5%	Spain	DB, Min	63	6% [y]	65	4% [y]
	Points	57	4-5.7% [I, y]	66	0%	Sweden	T	n.a.		65	0%
Germany	Points	63	3.6%	67	6%		NDC, FDC	61
	T	n.a.		67	0%		FDC (Occ)	55	..	65	..
Greece	Basic, DB	62	6%	62	0%	Switzerland	(M) DB, Min	63	6.8%	65	5.2-6.3% [I]
Hungary	(M) DB, Min	n.a.		65	6%		(W) DB, Min	62	6.8%	64	5.2-6.3% [I]
	(W) DB, Min	n.a.		62	6%		(M) DB (Occ)	58	3-4% [I]	65	4-4.4% [I]
Iceland	Basic, T	n.a.		67	6%		(W) DB (Occ)	58	3-4% [I]	64	4-4.4% [I]
	DB (Occ)	65	7%	67	8%	Turkey	(M) DB, Min	n.a.		62	..
Ireland	Basic, T	n.a.		68	0%		(W) DB, Min	n.a.		60	..
Israel	(M) Basic, T	n.a.		67	5%	United Kingdom	Basic	n.a.		68	5.8%
	(W) Basic, T	n.a.		62	5%	United States	DB	62	6.7-5% [I]	67	8%
	(M) FDC	67						
	(W) FDC	62						

Note: (M) = men, (W) = women, [a] = depending on age, [I] = 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: Early partial 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.

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

StatLink <https://doi.org/10.1787/888934041383>



From:
Pensions at a Glance 2019
OECD and G20 Indicators

Access the complete publication at:
<https://doi.org/10.1787/b6d3dcfc-en>

Please cite this chapter as:

OECD (2019), "Future retirement ages", in *Pensions at a Glance 2019: OECD and G20 Indicators*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/a05b71b5-en>

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