

Investment Institute

The Patchwork of European Pension Systems

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Amundi
Investment Solutions

Pension systems across Europe



Compulsory pay-as-you-go public pension;

Points-based system for calculating pensions.



Defined benefit pay-as-you-go pension system;

Non-compulsory supplementary schemes.



Compulsory pay-as-you-go social security pension;

Supplementary funded pension schemes for some professions.



General pay-as-you-go for private sector & self-employed;

Contribution system for those joining after 1995, mixed system for others.



Public pension scheme (1st Pillar);

Employer's pension scheme (2nd Pillar, covering 90% of employees).



General pension (pay-as-you-go portion and funded portion);

Occupational pension (90% of citizens contribute).

Sustainability of pension schemes

75 years

Budget surplus projected by the **Swedish Pension Authority** under the current system

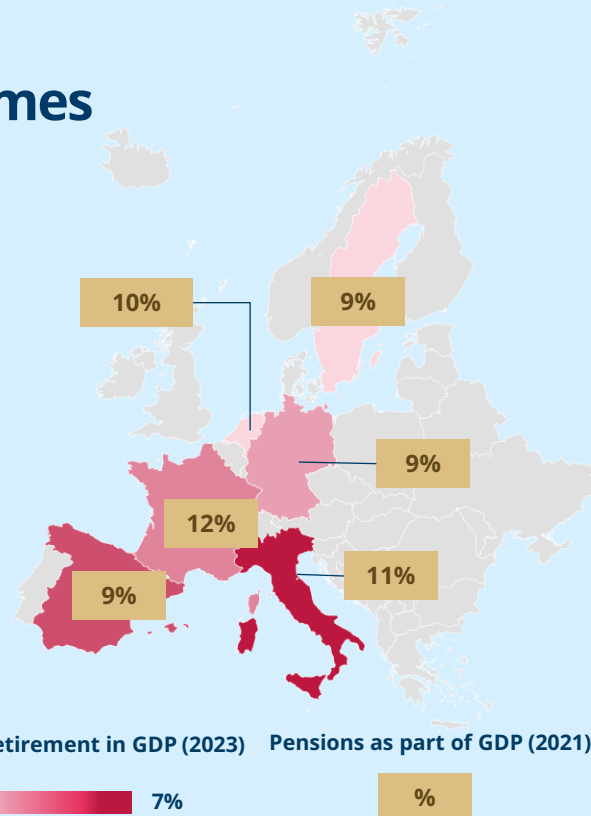


The **Netherlands** rank as the best pension system globally by Mercer CFA institute

€200bn by 2036

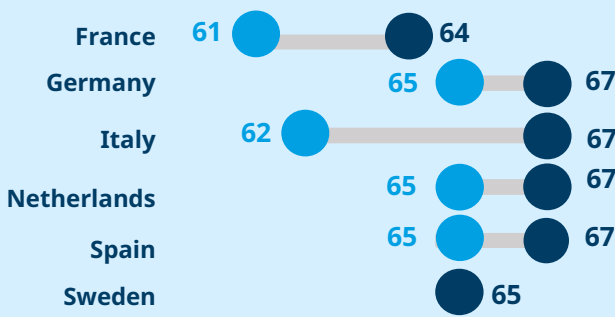
expected size of **Germany's** state funded pension to counter the decrease in replacement rates

Sources: Eurostat data as of April 2024.



Retirement ages

Legal retirement age in 2014 to target retirement age set by reforms



- 2014
- Target

Reforms undertaken in recent years aimed at balancing countries' pension systems have focused on increasing the retirement age or lengthening the contribution period, but...

Source: OECD data for 2022.

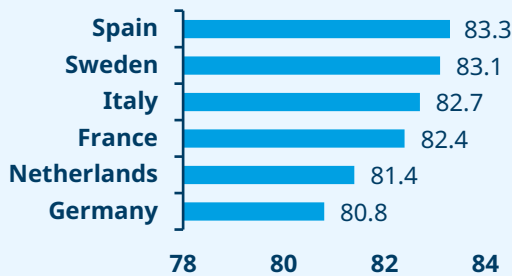
...consumption taxation as a means of financing pensions results in better per capita welfare than increasing the retirement age or contribution period.

	Years in good health		Number of years	
	Male	Female	Male	Female
France	4.5	5.4	18.3	24.0
Germany	1.3	3.6	15.9	20.3
Italy	5.8	7.2	18.8	25.0
Netherlands	-3.1	-3.9	15.6	19.5
Spain	1.5	1.4	15.0	20.4
Sweden	3.5	3.3	18.6	23.6

Source: Eurostat data as of March 2024

Demographics

Life Expectancies



Source: Eurostat data for 2021.

Ageing Populations



Pension systems in the Eurozone are facing the demographic challenge of the 'grandpa-boomer' phenomenon, and will continue to do so for the next 20-25 years.

Fertility Rates

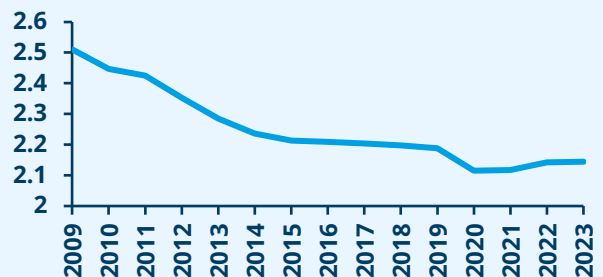
1.4 average 2022 fertility rate

across the six countries studied, down from 1.5 in 2000, and significantly below the 2.1 renewal threshold



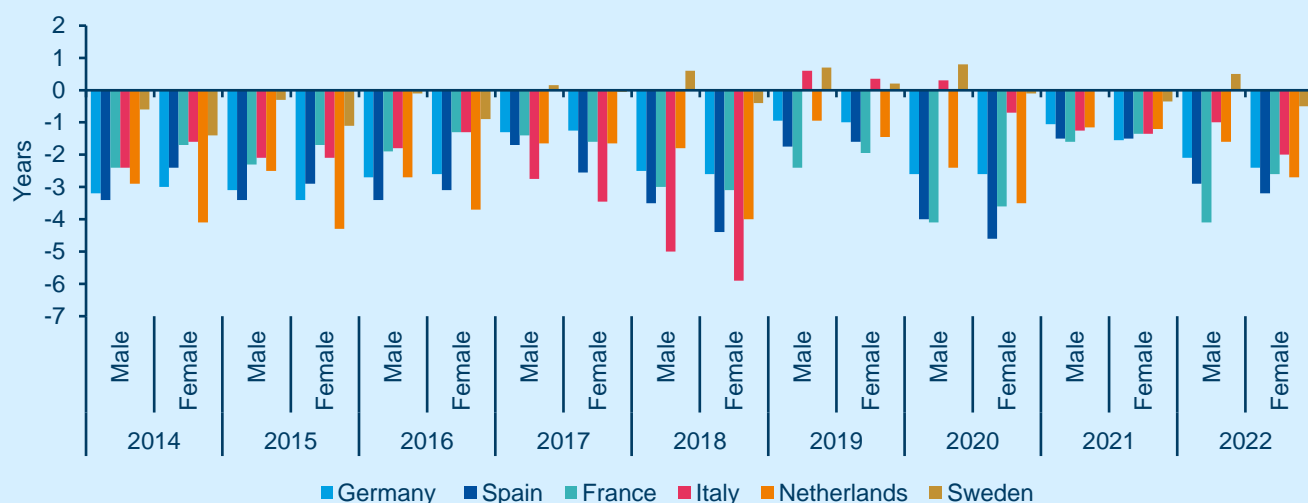
Active to Elderly

Average of 6 countries



Source: Eurostat data as of April 2024. Active=15-64; Elderly=over 65.

Gap between legal and effective retirement ages



Statutory retirement ages are gradually being raised, reaching or exceeding healthy life expectancy in some countries. Labour market retirement ages are in practice different from legal retirement ages. Apart from the legal derogations on retirement ages in each country, older people can find themselves prematurely outside the labour market.

Source: OECD data for 2023.

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