

Quantitative Benchmarks of Pensions in the Nordic Countries



Contents

- How to measure and compare?
- The demographics of pensions
- Basic measurements
- Recent international developments of pension systems



How to measure and compare?



Comparisons and benchmarking is about finding common concepts and measures that can be applied across systems



Pensions?

Old Age

Survivors

Disability



Pensions as percentages of GDP, 2015 (EUROSTAT)

Denmark	13,5
Finland	13,3
Sweden	11,4
Iceland	8,5
Norway	10,2



Iceland

Percentages of GDP

Old-age

Disability

Survivors

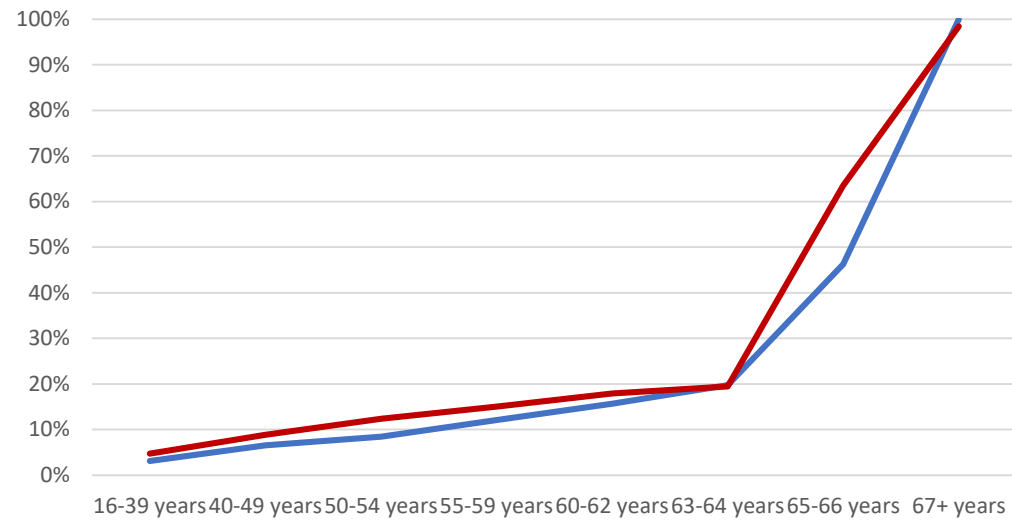
5,4

2,6

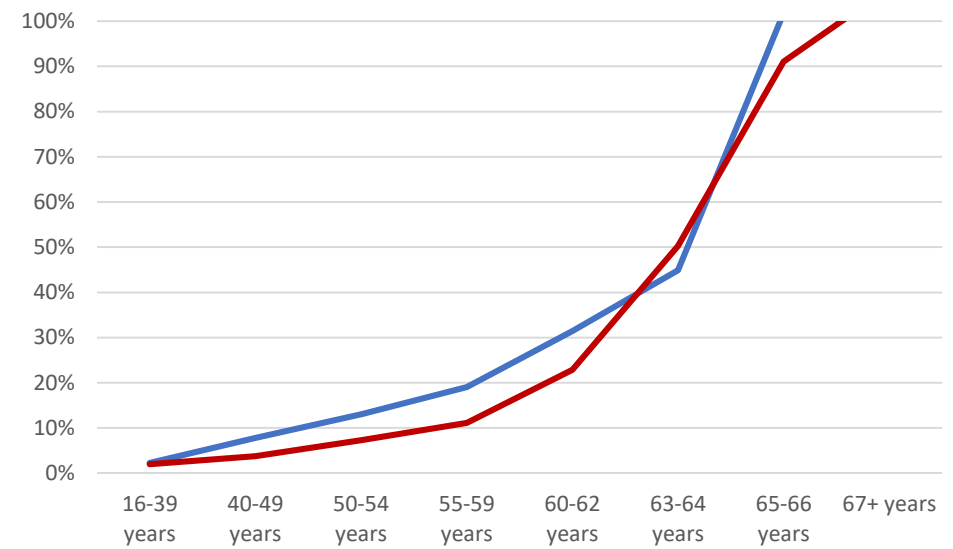
0,5



Share of population with pensions in Iceland
2000 and 2017



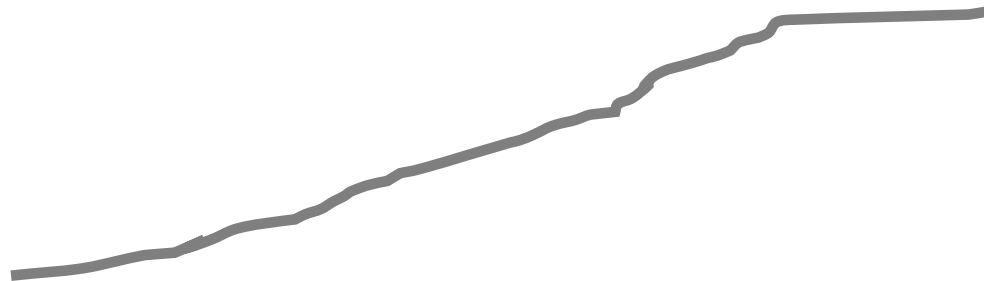
Share of population with pensions in Sweden
2003 and 2017



The demographics of pensions



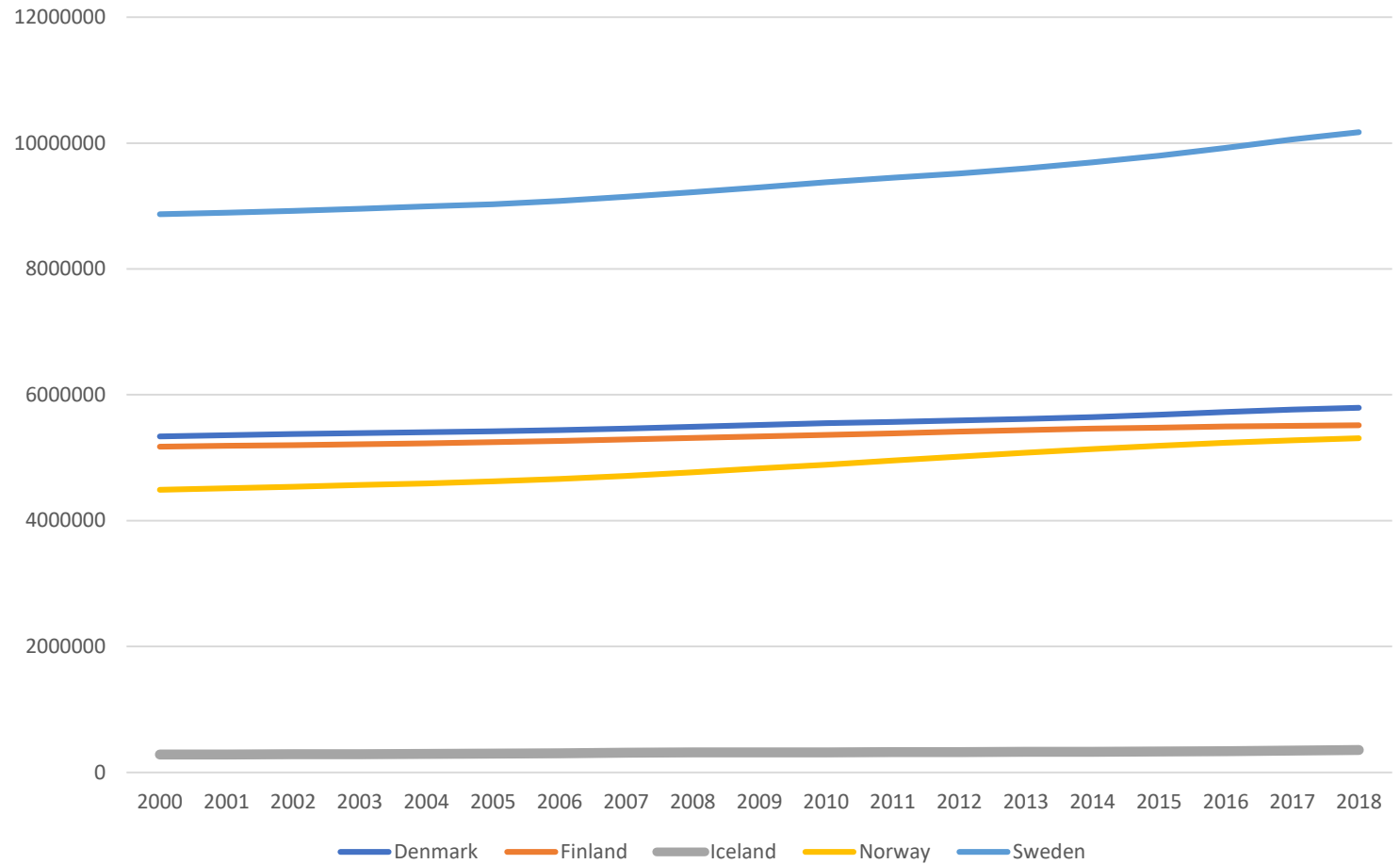
Whenever there is a figure is a comparison between Iceland and all the other nordic countries Iceland is:



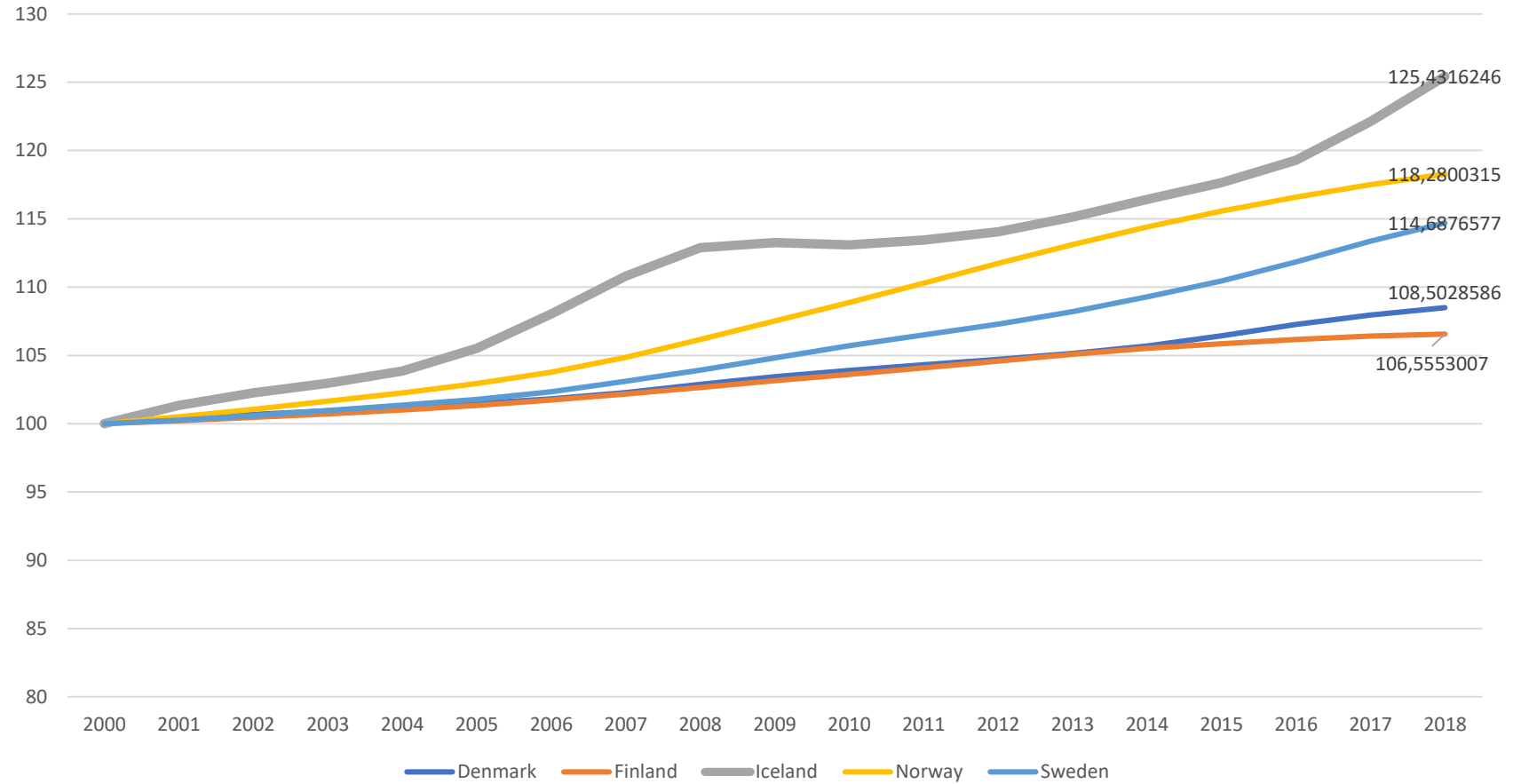
Grey and thick



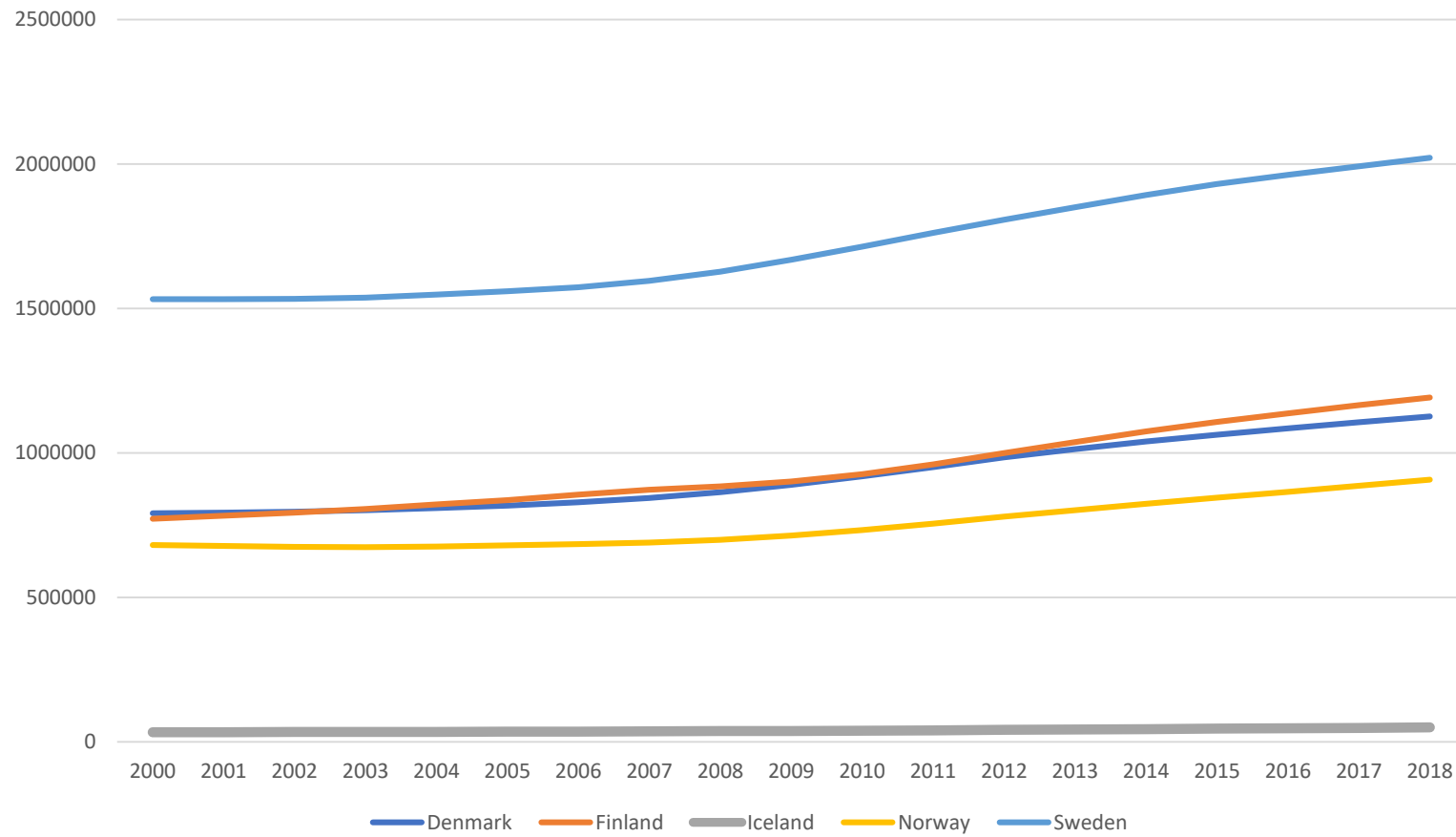
Total population 2000-2018

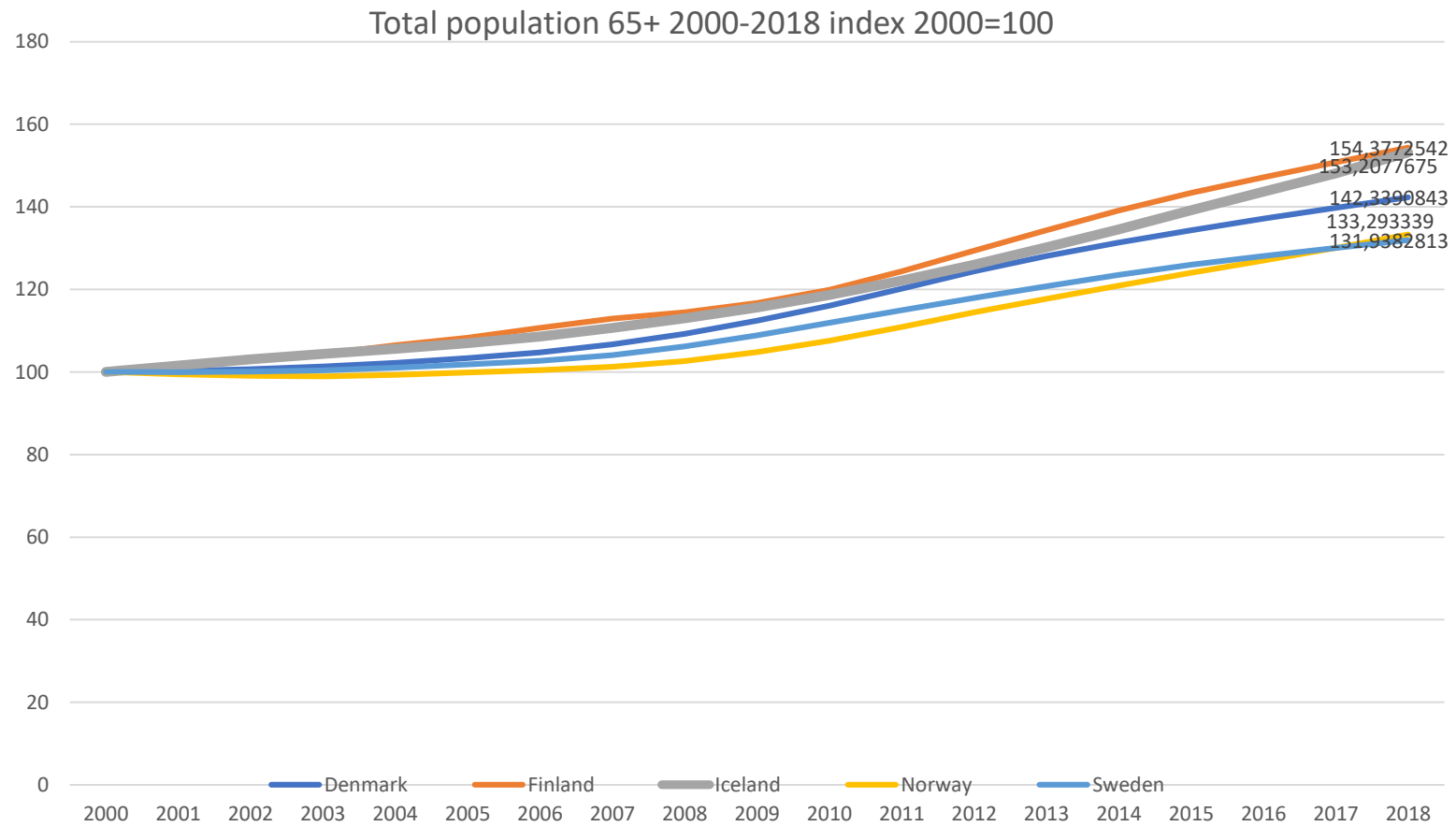


Total population 2000-2018 Index 100=2000

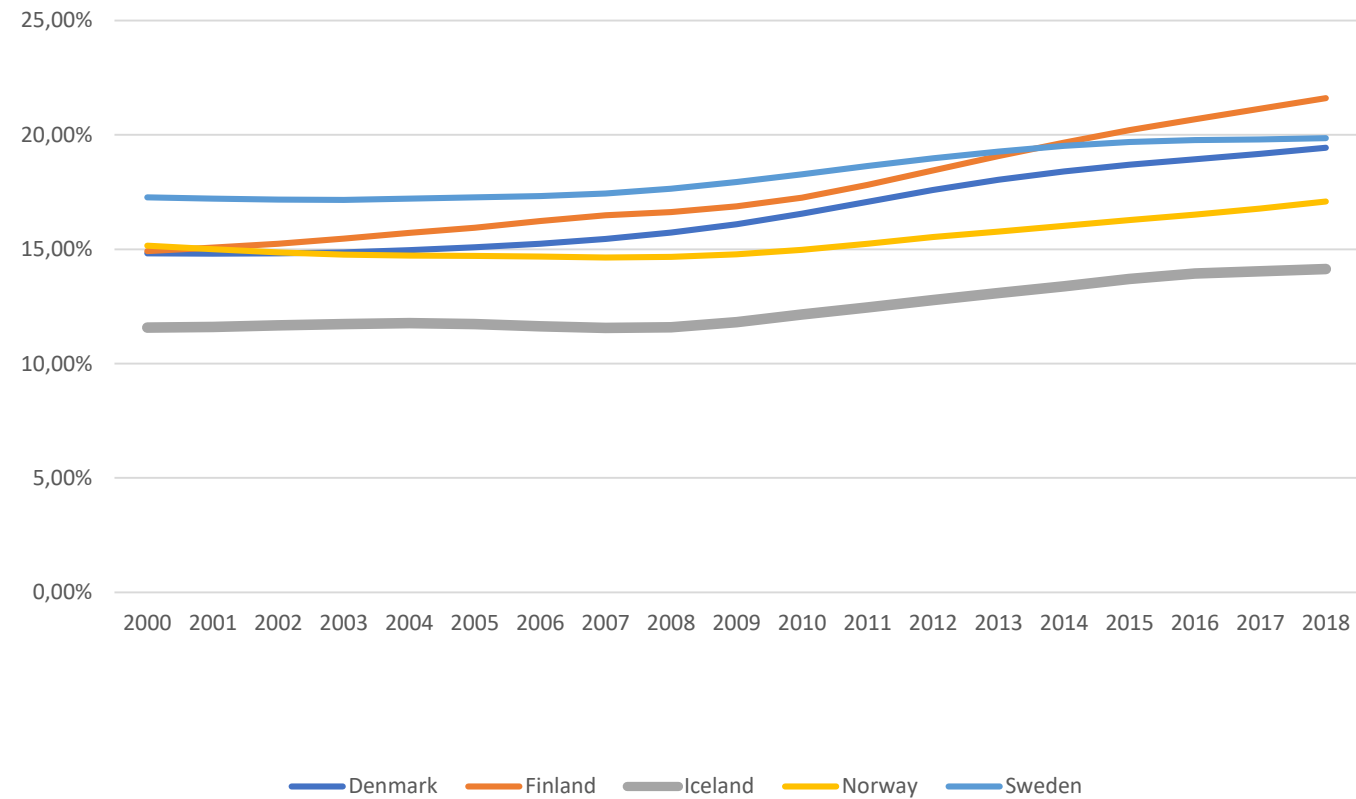


Total population 65+

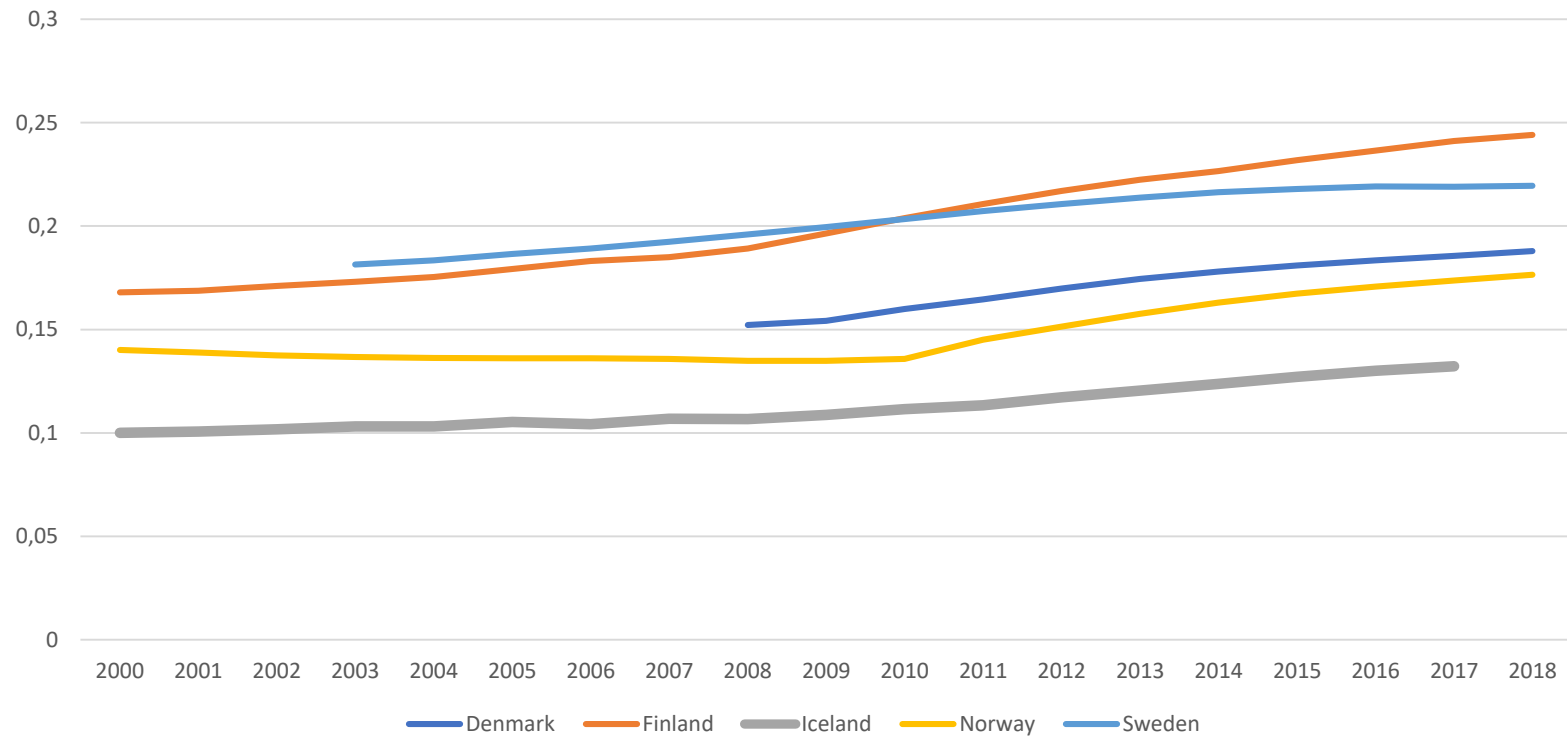




65+ as percentage of total population



Old age pensioners as % of total population



Basic measurements



Old age dependency ratio (OADR)

Theoretical replacement rates (TRR)

At risk of poverty (AROP)



Concept

Old age dependency ratio

Number of old (not active) people

Number of people in active age



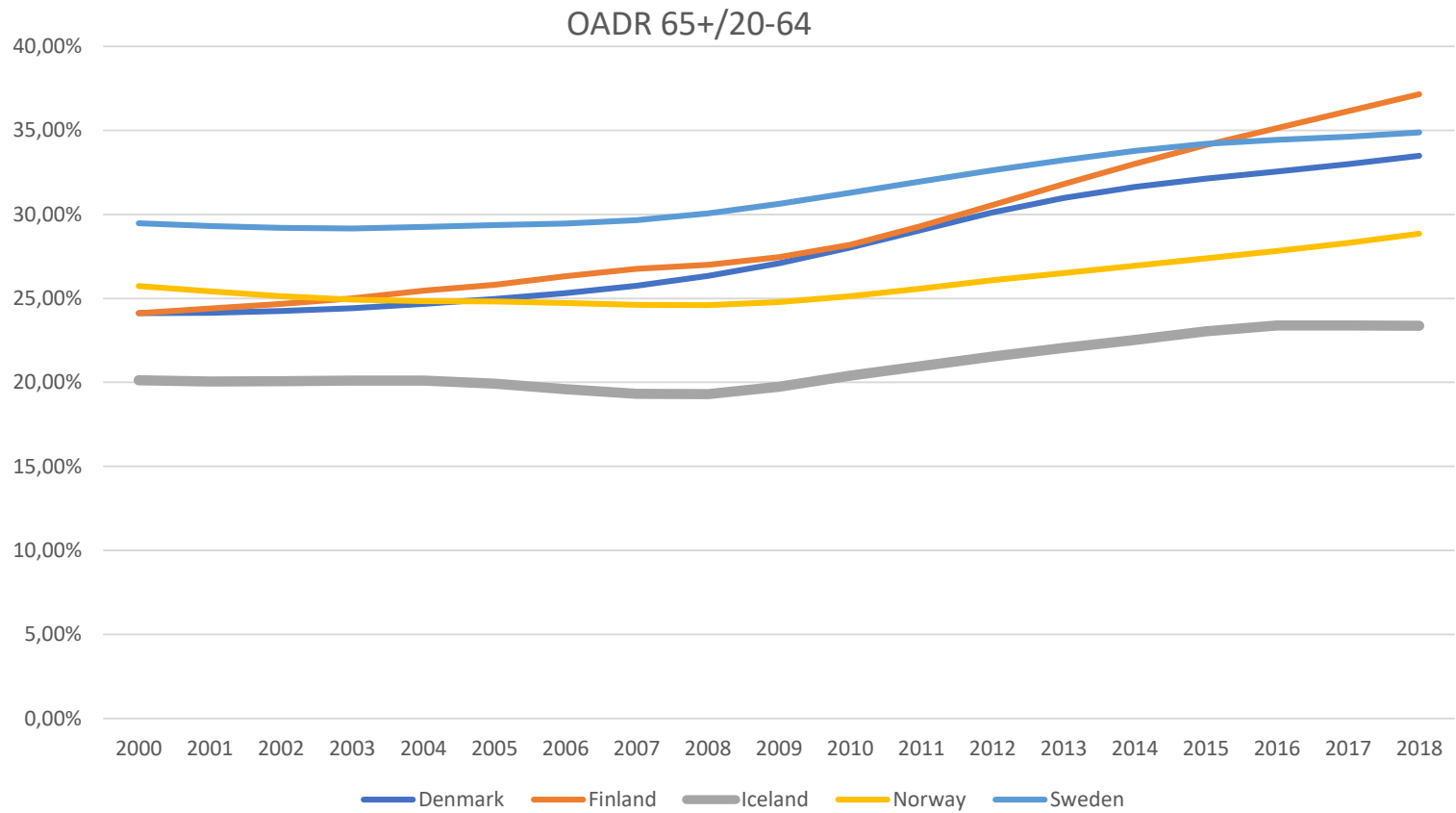
Concept with
numbers

Typically

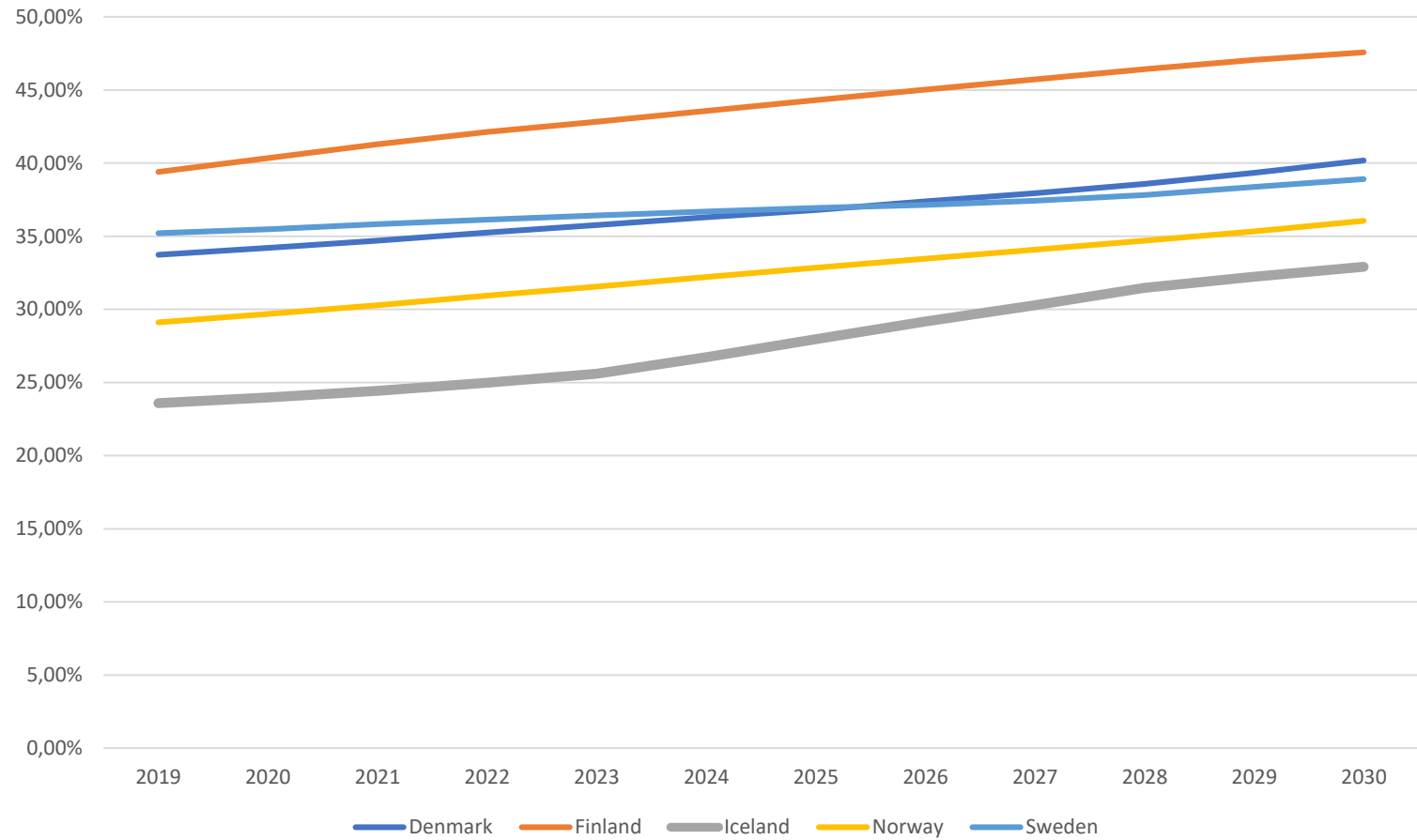
≥ 65

20-64



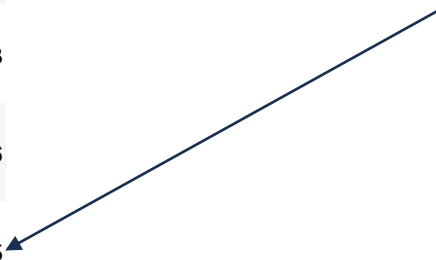


OADR 65+/20-64 2019-2030



Percentage of the population 20-64 in employment 2018 (EUROSTAT)

Denmark	78,2
Finland	76,3
Sweden	82,6
Iceland	86,5
Norway	79,2



More Concepts



Replacement Rate

Disposable Income after Retirement



Disposable Income before Retirement



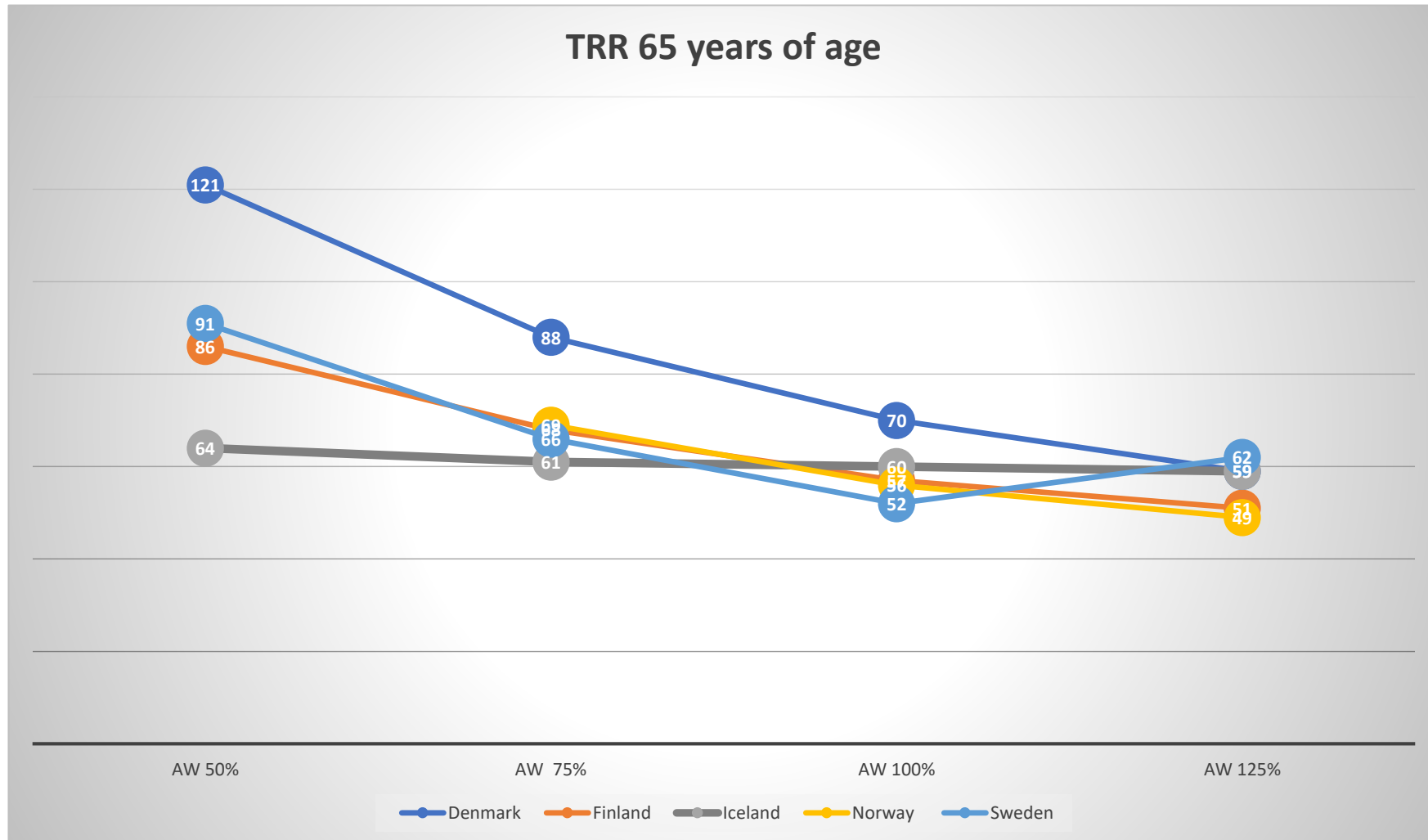
Hypothetical Households/Individuals



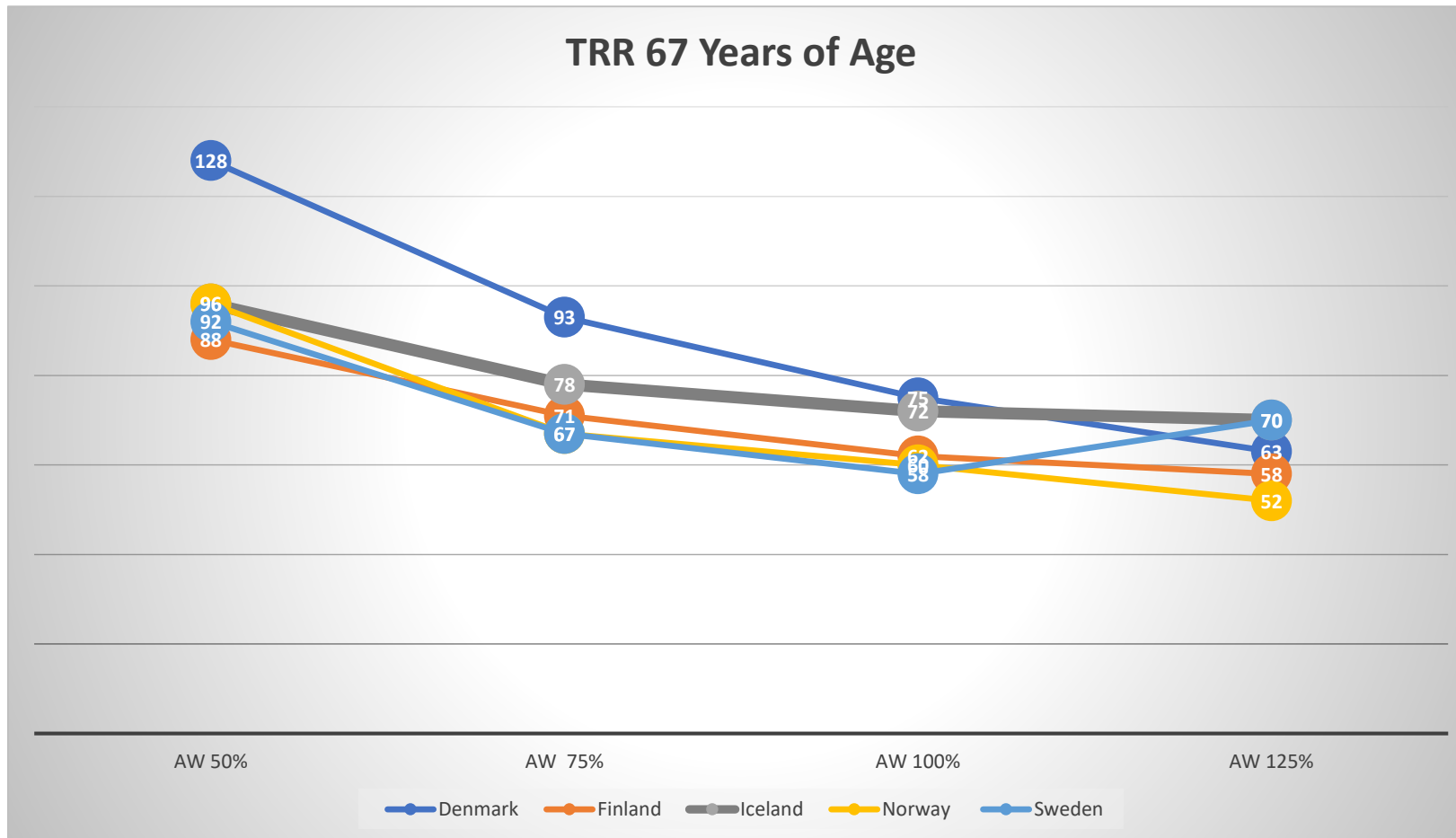
Theoretical Replacement Rates (TRR)



TRR 65 years of age



TRR 67 Years of Age



Another Concept

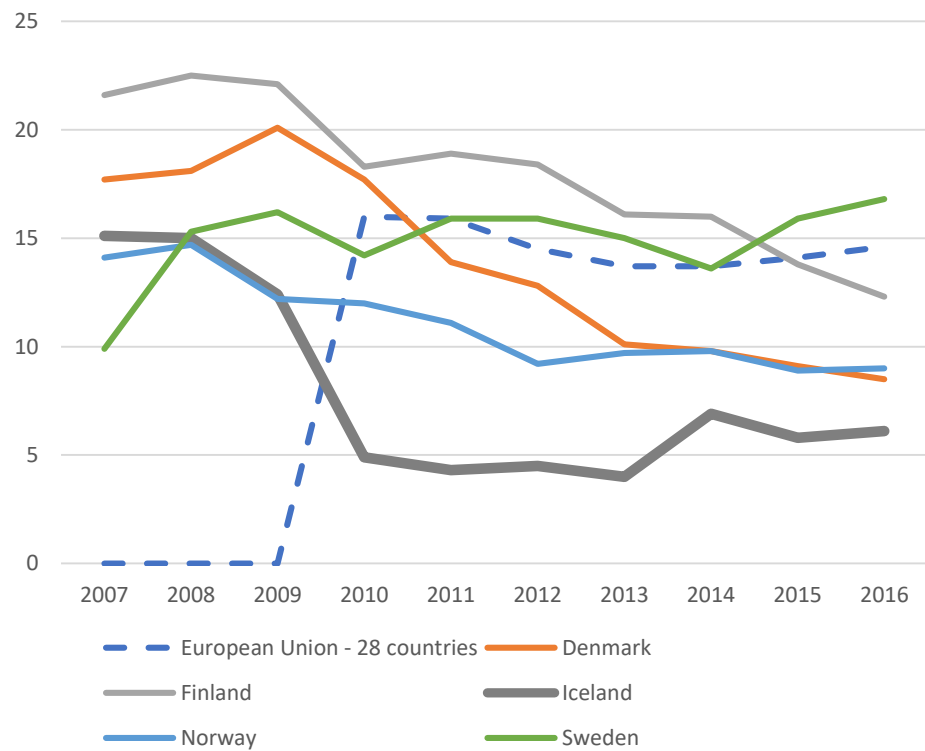
At Risk Of Poverty (AROP)

A relative poverty measure

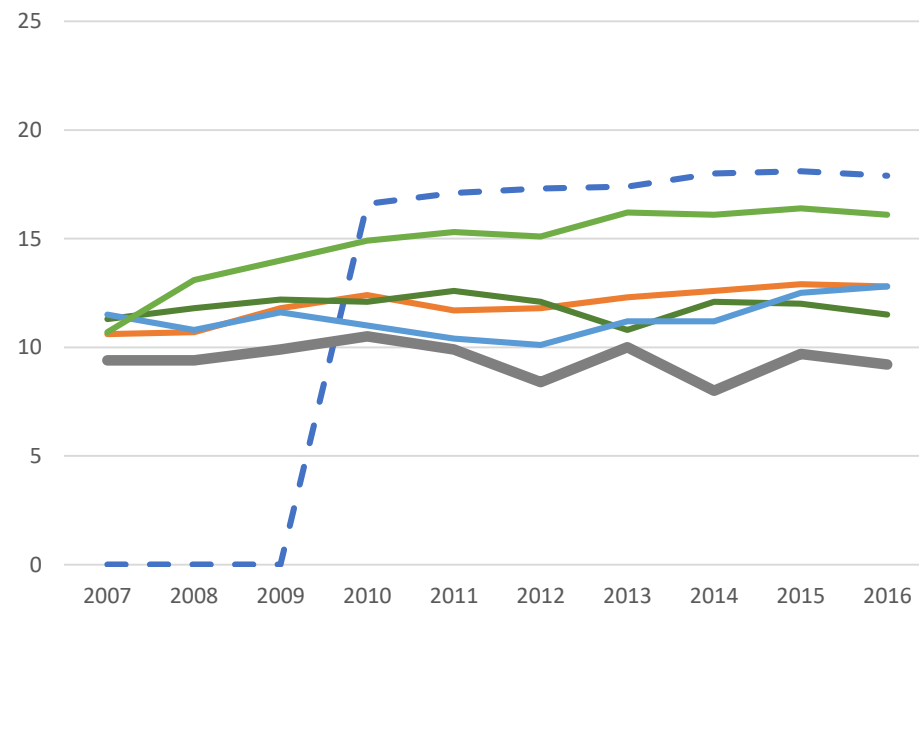
Below 60 (or 50%) of the median disposable income



AROP 65+



AROP less then 65



Recent international developments of pension systems



Population ageing is disrupting the equilibrium of pension systems

(Pensions at a glance, OECD 2017)



Reform agendas around the world

Flexibility

Changed retirement ages

Contributory schemes



Flexibility

On combining pension with work

Pension age



Changed retirement ages



Contributory schemes

Pay as you go or funding



Summing Up

All nordic countries have challenges but Iceland seems to be better off

Iceland will demographically look more like the other nordic countries in ten years time

