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Ongoing changes of pensions in the European Union

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First part
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The question of reforming pensions has been debated for a long time in most of the European countries. Yet, it is essentially since the beginning of the 1990s that interventions have become both numerous and important. This paper aims at briefly summarizing what have been the recent evolutions of systems of pensions in each European country (part I), at presenting the main trends common to these evolutions and at studying some problems associated with these changes (part II).

I - The main reforms in European countries

The main characteristics of the pension systems and of their recent evolutions are shortly summarized below for thirteen European countries. The European countries are systematically grouped into the four classical clusters of welfare states. It appears that, if a same objective of reducing public pensions directs most of public interventions and if the same kinds of tools are used for this aim, the weighting of these tools and their precise shapes are quite specific to each country depending on their economic, social and political characteristics.

A – Continental countries

1. Netherlands: incentives for complementary pensions and individualization

-*The pension system*

The basic pension consists of a universal, lump-sum benefit. It is given to all residents over 65 years. It is necessary to have 50 years of residence for a full pensions. Pension is linked to the minimum wage level and corresponds to 70% of this net minimum wage. A supplement has been associated with the family situation in the past.

Possibilities of an early retirement are implemented for people over 57.5 years, on a private basis. They are organized by pension funds or by firm. There are few early pensions as it is generally the disability scheme which is used as a substitute to such benefits.

A supplementary pension, linked to wages, is compulsory only for workers in public organizations.

Most of the workers in the private sector (91% of all employees in 2001) are covered by occupational pension schemes generally at company or branch levels, which pay a defined benefit supplementary pension. The objective is to reach a total replacement rate of 70%. These schemes have a major importance as pension funds' assets are equivalent to more than 90% of GNP. There are three types of pension funds: 1) for companies but external to them (16% of contributing persons); 2) by branch (77% of contributing persons); 3) life insurance between an employer and a life insurance company. Technical and actuarial regulations that must be followed have been precised in 2001.

At last, individual pension funds are also favoured by tax incentives.

-*The recent changes*

-Basic scheme.

A big modification has consisted in benefit individualization: benefit rates will be no more determined on a family basis (this system will be suppressed in 2015) but on an individual basis. Each spouse will get an individual pension. This transformation, with the aim of limiting benefits, both goes with and is allowed by the development of women activity and by evolutions of family structures. The survivor pension will be abolished and replaced by a benefit linked to the number of children and to age.

The pension rate will be also reduced.

An other major trend is the development of pension flexibility. So, it is possible to voluntarily raise contributions to be able to retire before 65 years, or to continue working after 65 years for having right to a higher pension.

A reserve fund for the basic scheme has been implemented in 1998. It is supposed to represent 15% of the GNP in 2020 and to make easier the change from a system where benefits were linked to the last wage and to differential advantages into a system where contributions and benefits are closely linked.

-Pension funds.

As pension funds are widely developed, the question of incentives for them has not been much evoked for the recent years at the opposite of most other countries. The main changes have been recently adopted, in 1994 and 1997. The regulation for pension funds is largely liberalized. Pension funds have been allowed to invest abroad, so the place of outward investments has grown up from 25% in 1996 to 60% in 2000 (Kremer). But the financial situation of pension funds has strongly deteriorated in the recent period with the stock-exchange crisis. The pension funds of big companies have had particularly massive losses in 2002. Consequently, the institute (PVK) in charge of their control has enjoined them to raise their reserves for a better coverage of their commitments. So, some pension funds now raise their contributions: for instance, the contribution rate of the pension fund of health sector will be 70% higher in two years[1]. Being equal to 7.6% of gross wage in autumn 2002, it will go up to 13.6% in 2004. The pension fund for metallurgy will also raise its contributions and will suppress the indexation of pensions on prices. It is forecasted that the cost of the labour will be 5.4% higher in the private sector and 7.8% higher in the public sector in 2003.

At last, an other objective has been to improve mobility on the labour market, so an agreement has been passed in 1994 for allowing transferability of pensions between firms.

So,overall, there are relatively few changes in the Netherlands when compared to the other countries, as we will see below.

2. Belgium: few changes

-*The pension system*

The first tier is composed of an earnings-related pension scheme which corresponds to a general compulsory scheme for salaried workers, a scheme for self-employed, and a scheme for civil servants. They are pay-as-you-go systems. In 1995, it has been decided that the age of retirement of women (60) will become the same as for men (65). Pensions are indexed on prices. In the private sector, pensions depend on the full contributory career, up to 45 years of contributions. The coefficient depend on the familial status (single person or head of a family). For civil servants, the pension depends on the revenue of the last five years.

A minimum income is guaranteed to the elderly.

In 1989, in a period where unemployment was growing, the retirement age became flexible between 60 and 65 years. Pre-retirement is well developed.

The second tier is made of voluntary company pension funds, at the initiative of employers. It concerns about 35% of people.

[1] D. Burg, "Les cotisations retraite des Néerlandais vont monter en flèche", Les Echos 6/11/2002.

Individual pension plans are well developed, due to fiscal incentives, under the form of pension savings or life insurance. To-day, "44.4% of the overall population participate in third tier pension accounts"[2].

-*The recent changes*

Several changes have been adopted since the middle of the 1990s.

-Basic schemes

A global financial management has been introduced in 1995.

A lot of debates concern the way of creating new taxes (tax on energy, on capital income), and aligning the characteristics of the public sector schemes on the ones of the private sector.

The pensionable age of women and the number of years of contributions must become equal to those of men in 2009.

New conditions are imposed in 1997 for early retirement. It will be possible to have an early retirement at 60 years only if 35 years of contributions from 2005.

The means-tested assistance scheme for the elderly (GRAPA) has been modified in 1991 (individualisation of rights) and provides an allowance to those with insufficient income.

-Other schemes.

A new priority has been put ahead, especially in 1997, for limiting public expenditures: developing the second tier schemes and individual provision by enlarging tax incentives.

All in all, compared to other countries, changes of the pensions are rather limited.

3. Germany: important modifications

-*The pension system until the last reform*

Some fragmentation of the old-age schemes characterizes basic schemes. The general pay-as-you-go, earnings-related schemes covers about 82% of the employed population. The keeping of a stable level of the contribution rate, to-day of 19.1%, is considered, since a long time, as a main objective in a context of high labour costs. This has given a same orientation of reducing expenditures to the different reforms in the past.

The schemes for civil servants' pensions are separated and are paid from public budgets.

The legal pensionable age is 65. Pensions are indexed on net wages. The workers of the public and of the private sector have to work for 45 years for having a full pension, theoretically corresponding to 75% of their best wage for the first ones[3] and to 70% for the second ones.

Pensions are taxed in a different way for the private and for the public sector.

Possibilities of part-time pensions have been introduced in 1989.

A system of a early retirement has been implemented particularly early, in 1972, in a context of a reduction of industrial jobs. Then, in 1984, it was decided that an early pension could be attributed at 58 years.

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[2] Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, Brussels, COM(2002), Annex. p.104.

[3] Until 2002, civil servants received 75% of their last wage for 40 years of labour. This rate will decrease to reach 71% in 2007, and, in 2030, 67% after 45 years of contributions.

Supplementary pensions are provided by firms for numerous workers. The corresponding funds have the form of book reserves (internal funding with a guarantee by compulsory insolvency insurance) and may facilitate the financing of investment. Supplementary pensions are also provided by private insurance companies.

-*The recent changes*

Germany is one of the European countries where the changes have been the most important.

-The reform in 1992.

The reform in 1992 is largely associated with the problem of unification and of organizing the integration of the population of the new Länder into the old-age scheme. First, the unification has led to purely political choices of alignment of the Western social protection to the Eastern part: as early as 1989, the pension system was extended to the East without any change. This proved extremely costly, notably because of the high activity rate of women in the East that gave them high direct entitlements to pensions. These rising costs induced several further changes.

It was decided to progressively draw the pensionable age back from 60 for women and 63 for men to 65 years. Some compensations were provided. In particular, advantages were given for rearing children and the validation of some periods was enlarged (unemployment or sickness periods for instance).

The possibility was given to some categories of unemployed or disabled to retire before 65 years.

The way of indexing benefits was changed: pensions will be indexed on net wages instead of gross wages. Automatic mechanisms for adjusting pension parameters were also implemented.

The characteristics of pensions for civil servants get closer to those of general pensions and it was decided that the income tax will be paid on pensions of civil servants.

The possibility of having a part-time pension was also given in 1989 for people over 55 years in the aim to put an end to preretirement. The system of preretirement is then suppressed in 1997

In case of early retirement, the benefit is reduced.

But pension is increased in case of retirement after the legal age.

-The creation of a long-term care allowance in cash in 1994.

The creation of a long-term care allowance, in 1994, is an original initiative, going in an opposite direction relatively to the other measures as it induces rising expenditures. Several reasons are present: recognized necessity to give care for the dependent elderly and also necessity to reduce the expenditures of the local levels which, until then, were in charge of care expenditures and had massive financial difficulties. The choice is the creation of a universal benefit, without means-testing and not linked to the payment of contributions. This allowance is financed by contributions, equally shared between employers and employees, and by the reduction in legal paid leave (one day).

-The proposed reforms since 1996 till 2001.

During the following years, several plans have been proposed for taking into account demographic forecasts, with the objectives of limiting pensions and enlarging contributions. A lot of debates took place.

A new plan was proposed in 1996-97. Important changes concern the basic schemes of civil servants. In particular, it was then decided that civil servants would pay a contribution from 1999.

At the end of 1998, a project of special funds was put forward. These funds could finance voluntary retirements before 65 years, then they would be become fully funded and would complete pension benefits. A coefficient of life expectancy could be introduced. Benefits would progressively diminish from january 1999. On an other side, a minimum pension was created. But the new government of 1998 rejected these propositions.

Thereafter, debates go on. One of the largely recognized reasons for considering this problem as a very urgent one is linked to the fact that a huge part of the unification costs have been carried over social security and that this has induced large financial difficulties. Firstly, in 1999, some new changes are decided for the financing: an eco-tax is considered as a way to compensate for the growth of social contributions[4]. Other measures give rise to debates and have often been adjourned by the new Schröder government.

-Then, new measures are passed in 2001.

The replacement rate will be progressively reduced (down to 67%) and the rise of contributions will be limited. The indexation will be made only on 90% of the evolution of gross wages from 2011.

The survivors' pension will be diminished. In compensation, several measures aim at enlarging the individual entitlements of women in some cases: for instance, new advantages are given for periods of raising children when low wages or uncomplete careers.

The means-tested benefit for older people is noticeably improved as the resources of descendants are no longer taken into account.

A lot of firms had their own occupational pension funds (book reserves) since a long time. So, at the difference with France where the development of pension funds was seen as a way to offer a better financing, this argument has been evoked only at the beginning of 2001 in a context of pessimistic economic forecasts. Though under discussion, the measures for developing pension funds will be passed later

Moreover, incentives, under the form of public tax subsidies when paying contributions, will be given for individual plans (third tier).

-A new reform is implemented in january 2002.

The Riester law introduces some new voluntary capitalization. It will reach its full implementation in 2008. Each wage earner is allowed to save, each year, 0.5% of its gross wage in pension funds[5], up to 4% in 2008, and the state will give a subsidy depending on their income. The law also reinforces advantages for pension funds linked to companies or to branches[6]. This is supposed to compensate for the evolution of the replacement rate of the pay-as-you-go pension which is supposed to decrease from 70% (for 45 years of contributions) to 64% in 2030.

The results of this reform have been, until now, judged inferior to what was expected. One year after their implementation, there is only 3 millions contracts of "Riester pensions" out of a total of 30 millions concerned workers.

-The present financial difficulties of the social protection has recently led the government to create a special commission to study a reform of unemployment insurance, pensions and health system. At the beginning of 2003, contributions have still increased up to 19.5%.

[4] It has allowed to finance a decrease of contributions of 1 point and to keep the contribution rate under 20%.

[5] Discussion about taking or not into account the difference of life expectancy between men and women in the new pension funds has not yet been settled.

[6] The insured persons will have the right to transform a part of their wage into contributions to firms' schemes, and, under some conditions, they will receive the same advantages as for individual plans.
New pension funds will be able to manage the payments of firms.

4. France: numerous parametrical measures

-*The pension system*

The old-age insurance consists of a basic scheme for wage-earners, based on a pay-as-you-go principle, and of numerous different schemes (especially for the public sector). Supplementary pensions are mandatory and have a pay-as-you-go type of financing, but they do not cover the public sector. There is at last a minimum pension.

The coming to power of a leftist government, in 1981, for the first time since more than thirty years, which was particularly looking for legitimacy, resulted in one of the most important measures: the lowering of the retirement age from 65 to 60 years in 1983, contrary to what happened in all the other countries. Such a lowering was supposed participating to lower unemployment. This measure has not been called into question until now.

The growing unemployment of the end of the 1970s and beginning of the 1980s led to the creation of a preretirement system.

Some occupational supplementary schemes have been created in some firms or for civil servants, but they are not much important.

-*The recent changes*

-Basic and mandatory supplementary schemes.

The reforms of the basic and of the supplementary schemes have essentially consisted in modifying parameters defining eligibility, generosity of benefits, or contributions.

In 1993, the modifications for basic schemes consisted in reduced benefits (in particular, the reference income became that of the best 25 years instead of the best 10 years), in the increase of the number of contribution years from 37.5 to 40 years, and in the modification of indexation (on prices and no more on wages).

But the measures adopted by mandatory supplementary schemes (managed by the social partners, independently of the state) in 1994 were essentially a rise of contributions and went in the opposite direction to the ones decided in 1993 by the basic regime. Then, a new reform of these schemes was passed in 1996, reversing the preceding trend and being then coherent with the reform of the basic regime.

The attempts to reform some specific regimes of the public sector, for reducing the differences with the general basic regime, in 1995, gave rise to massive protest and very long strikes, so they were rejected.

Then, several measures have been proposed to enlarge the financing of the future pensions. A reserve fund has been created in 2000, which will have to invest the resources it will receive[7] with the aim of participating to pension financing in the future, but its importance remains limited.

Preretirement possibilities have strongly been reduced.

-Pension funds.

Since the end of the 1990s, the dominating orientation of projects about pensions is the search for implementing pension funds. The debates pointed out to a specific problem: the opportunity of new financing means and the supposed larger stability (compared to the one offered by foreign funds that are quite important in the French stock-exchange) that such funds could supply to firms. Few developments have followed the various plans. For instance, the law of 1997 creating pension funds has never been implemented. One reason for this

[7] Resources due to privatizations were to be given to this fund.

rigidity is linked to the attachment of trade-unions to the public regimes in the management of which they are participating and from which they gain a good part of their legitimacy.

However, such pension funds have been implemented a long time ago for civil servants[8] and for a small number of firms, but they have a limited importance.

The law has authorized them for self-employed. But the implementation of these last funds is very low. The "épargne salariale" (wage savings), benefiting from tax incentives, may be viewed as a new way of privatizing pension[9]. Life insurance is also well developed.

-The creation of a long-term care allowance.

A novelty consists in the creation of a long-term care allowance in 1997, but it is noticeably lower than in Germany, and its level is quite different depending on French "départements". So, it was changed into an "allocation personnalisée à l'autonomie", determined at a more centralized level. Again, in 2003, a new reform was passed as the coverage of this allowance was much more important and its cost much higher than what was anticipated. Now, some beneficiaries or their families will have to pay a part of its financing, and the threshold under which the beneficiary is exempted from paying is lowered.

-The reform of 2003

At last, a reform mainly bearing on pensions of civil servants but concerning also the private sector's pensions is under discussion and gives rise to lot of strikes.

The main changes for the public sector would be the following ones:

-the number of years of contributions would be raised from 37.5 up to 40 years in 2008, as in the private sector.

-the indexation of pensions would be reduced relatively to the present situation: the civil servants' pension would be indexed to the value of the “point d’indice”, but no more to the upgrading of these “indices”. The pension would be cut down when the number of contribution years is smaller than 40 years (3% per year in 2004 up to 6% in 2008), and would be increased when this number is larger than 40. The contributions of the civil servants would be raised to be nearer to those of the private sector.

For the whole public and private sectors, it is envisaged that the number of contributions years could be progressively lengthened up to 41 years in 2012, and then that it could depend on the lengthening of life expectancy.

Finally, possibilities of preretirement are still more reduced.

So, in France, if the measures for reforming pensions are progressively passed and concerned separatly the different schemes, their impact is potentially strong.

5. Austria: numerous parametrical measures; lasting differences between men and women

-*The pension system*

The basic scheme is based on the pay-as-you-go principle. It covers employed persons, with special regimes for some categories (civil servants for instance). It is financed from constributions and government subsidies.

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[8] There are some supplementary regimes for civil servants. One of them (CREF), which was managed for 60% with pay-as-you-go and for 40% with capitalization, is obliged to be now fully funded for conforming to European directives and to enlarge its financial guarantees.

[9] "Epargne salariale" may be seen as a type of pension funds of a company. It can take several forms: "plan d'épargne entreprise", "plan d'épargne interentreprise", "plan partenarial d'épargne salariale volontaire". This last one, from 2001, has a longer horizon of 10 years.

The standard retirement age is 65 for men and 60 for women. The benefits depend on the duration of affiliation and on the insured income[10]. The reference wages have increased from the best 10 to the best 15 years and will be the best 18 years in the future. Non-contributory periods are taken into account, for child-raising for instance. A replacement rate of 80% can be reached after a total of 40 years of coverage, and if the legal retirement age is reached (65 for men, 60 for women).

There is a minimum pension which is a compensation supplement, guaranteed through a means-tested top-up benefit.

Possibilities of early retirement are offered.

The second tier is fewly developed. It is voluntary. It has essentially consisted of book reserves of companies for a long time, but some development of funded occupational pension schemes tend to replace them.

A long-term care system has also been established.

-*The recent changes*

Since 1993, pensions are indexed on the growth rate of the contributing average wages minus social contributions. If this was lower than the inflation rate, then, this would be partly offset.

An important reform has been passed in 2000 and a new reform is under discussion.

-The basic schemes

The duration of contributions would be 45 instead of 40 years.

It is also proposed to raise the *actual* retirement age up to 65 (against an average of 60 for men and 59.6 for women).

Equalisation of the retirement age and of the early retirement age of men and women is planned for a far future (respectively 2024-2033 and 2019-2029).

It is considered to diminish survivors' pensions.

Deductions are applied for retirement before the standard age of 60 for women and 65 for men.

The possibility to work and to receive a pension has been authorized. In particular, gradual retirement is facilitated.

The statutory early retirement age is raised from 55 to 56.6 for women, and from 60 to 61.5 for men, and other measures are adopted for reducing possibilities of early retirement. One aim of the text to be proposed in june 2003 is to progressively suppress early retirement pensions.

On an other side, the civil servants' scheme would be brought into line with those of employees and workers. A strong opposition has raised against such a program.

It is also considered to consolidate all first tier pension schemes into a single scheme. The pension institutions of workers and of employees would be merged in 2003.

-Other schemes.

The 2000 pension reform has developed incentives for private pension schemes, with the "premium model". Several types of plans are eligible: supplementary pension insurances with private insurance companies, employee's contributions to a pension fund (second tier), and pension investments funds. Tax incentives for the second tier and for individual retirement savings plans are still reinforced in january 2001. Benefits are tax free.

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[10] In 2002, the maximum basis of contribution calculation was: 3,270 Euros monthly + 6,540 Euros for the 13th and 14th monthly salary. See Report on the Austrian Pension Strategy, 2002, European Commission.

The legislation on severance pay, implemented in january 2003, leads to give a particular status to this benefit, between the second and the third tier. It is then possible to invest the severance pay guaranteed under labour law into a life insurance[11].

Like in France, the current debated reform proposes measures with potentially strong impacts, and gives rise to big social protests.

B – Scandinavian countries

1. Denmark: growth of supplementary pensions

-*The pension system*

The basic pension is universal, residence-based and non-contributory. It is composed of a flat-rate benefit, rather small, and of a supplementary pension, which is compulsory but not very large, managed by pension funds.

The legal age is 65 (previously, it was 67[12]). It is necessary to have been a resident for 40 years for a full pension (1st sub-tier of the first tier).

The pensions of the ATP scheme (2nd sub-tier of the first tier) are fully funded and working time-related.

Some autonomy is left to local levels from 1980 to give a means-tested supplement for pensions, a form of social assistance.

There is also a statutory labour market supplementary pension scheme for anticipatory pensions (SAP). Possibilities of an early retirement at 60 years have been offered in 1979 because of rising unemployment. The pension rate is then 100% of the maximum rate for the unemployment allowance. Early retirement has known an important development.

Civil servants have their own occupational regime, with benefits linked to wages.

The importance of private pension funds is larger than in Sweden as supplementary pensions have been less generous in Denmark. Occupational pension schemes, resulting from agreements at the sectoral level, are fully funded and mostly defined contributions regimes. Defined contribution schemes co-exist with defined contribution schemes. Some debate took place in 1994 about these supplementary schemes (occupational pension schemes, schemes for branches) as occupational pensions have not been much developed in the private sector up to the nineties, when trade-unions for metallurgy at first, then other trade-unions, demanded them. More than 80% of the population is covered to-day, after a recent swift increase.

Some individual pension savings schemes are also present.

-*The recent changes*

As getting an early retirement has been considered as an essential victory by trade-unions, which attach much importance to it, its reform, in 1998, gave rise to violent protests (benefits were reduced and incentives were given for staying in activity up to 62 years). The early retirement scheme, for people aged 50-59 years under some conditions, is closed for the new entrants since 1996 and will be progressively suppressed.

In 2002, the SAP was redefined as "a savings scheme without any redistribution objective and based on individual accounts"[13].

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[11] See Report on the Austrian Pension Strategy 2002, p.20.

[12] Denmark is one of the rare countries where the legal retirement age has been lowered, but the point of departure was specially high.

[13] Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, Brussels, COM(2002), Annex 8.

All in all, when looking at data, Denmark is rather characterized by a recent and swift growth of occupational pensions.

2. Sweden: a major reform

-*The pension system*

Up to the recent reform, pensions were composed of a lump-sum basic benefit and of a benefit linked to incomes (ATP)[14] (given after 30 years of work, and corresponding to 60% of the average wage of the last 15 years).

In the second half of the seventies, in a context of rising unemployment, eligibility for pensions has been facilitated. The legal retirement age went down from 67 to 65 years. Possibilities of part time retirement were offered to the 60-65 years, but they were somewhat cut down in 1981.

Contributions rates have progressively increased. Moreover, in 1996, the upper limit on the contribution basis has been removed for the ATP regime.

Some defined benefit schemes and occupational regimes are also present[15].

-*The recent changes*

Above all, a major reform took place in 1994-98. What is remarkable is that the question of pension reform has been debated for twenty years and has been raised in a period without much tensions. The problem is linked to forecasts about the effects of demography and financing difficulties. An other aim is to develop incentives for working. At last, preservation of equity is considered as a constraint as this principle was fairly satisfied by the existing system. It must be noticed that the changes of government never stopped this process[16]. The new reform has been implemented on the 1st january 2001.

The main point is the merging of the two components of pensions to have only one benefit linked to wages. 18.5 points of contributions are allocate to their financing. A part of benefits are managed in pension funds: these pension funds are institutionalized as an integral and mandatory part of the pension system. They can be private or public, and 2.5% of sums paid for pensions are now assigned to them on individual accounts (Premium pensions). Each worker chooses her fund. The link between contributions and pensions is tightened.

The pension benefit is linked to age, to an index of "real return" of 1.6%, and to life expectancy of the corresponding cohort (without difference between men and women). It is planned that the increase of life expectancy will be passed on to a reduction of benefits or to a lengthening of activity period.

The benefit is calculated on the basis of the wages of all the working period instead of the best 15 years. The revenues giving right to pension entitlements can come from labour, from transfers received for schooling and from some social benefits (linked to unemployment, child rearing and family, sickness or disability for instance).

There will be no more a standard pensionable age, but only a minimal retirement age of 61 years for the income and pre-funded pension. The ceiling for the numbers of years of insurance is suppressed.

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[14] ATP has a reserve fund since its creation.

[15] Civil servants have their own occupational scheme.

[16] A first commission was created in November 1984, with representatives of trade-unions and of employers, and with political parties. Then, the consultation was limited, from 1991, to a new commission with the minister, experts, and seven political parties. The final report was only partially approved in 1994. So, a third commission was implemented. A first proposal was made in 1995. Then the process went on and the five political parties reached an agreement in 1998.

The minimum pension is maintained after 65 years. A new form of means-tested support for elderly people not entitled to the guarantee pension is introduced.

Only people born after 1953 are entitled to the new regime. The elders will be submitted to a mix of the two systems.

A part of this reform concerns the civil servants schemes. The problem of their pensions will be now treated in the corresponding collective bargaining, and the special legislative status of the civil servant schemes is withdrawn.

At last, with the recent crisis of the stock-exchange, people now tend preferring to give their payments to public funds.

What characterizes Sweden is that such a major reform has been relatively easily passed due to the importance given to the search for a consensus throughout the process of change.

3. Finland: some similarities with Sweden

-*The pension system*

The mandatory statutory pension system is made up of two sub-tiers: the basic national pension system, which aims at guaranteeing a minimum income for all pensioners, and earnings-related schemes. These two sub-tiers correspond to what is classically considered as the first tier. The target replacement rate is 60%.

The first sub-tier (basic pension) is paid to all residents with minimum conditions (40 years of residence for full pension). It is means-tested since 1996. It is financed by employers' contributions and subsidies from the State and from some local levels. For the usual pensions, the lower limit age for the accrual of pension rights is 23, and the retirement age is 65 in the private sector and for people entering the public sector after 1-1-1993. It was 63 in the past for the public sector.

The second sub-tier consists of several occupational schemes. The earnings-related schemes cover wage and salary earners and self-employed. There are also schemes for local government and state pensions. Earnings-related schemes are partially funded. A specificity is that the administrative and financial management of these schemes is made by private organisations following common principles under the supervision of public authorities.

Pensions are linked to careers. The pension is calculated on the earnings over the last 10 years (previously 4 years) in each different employment relationship. The reference income is the wage net of social contributions.

Early retirement pensions, created in 1986, can be paid between 60 and 64 years in the private sector, between 58 and 64 in the public sector.

There are also partial retirement pension, since 1987. They now concern those aged 58-64 with a long duration of membership and leaving a full time job for a part-time job.

The demand for voluntary supplementary pension is small, due to the important coverage by the statutory schemes.

-*The recent changes*

Measures were taken during the 1990s for aligning public sector pensions with those of the private sector, raising the early retirement age, lengthening the period for calculation of the reference income, and reducing the weight of earnings in the indexation of pensions.

Pensions are indexed since 1995 on a mix of consumption prices (for 80%) and of wage growth (for 20%) instead of the arithmetic average of these elements.

The recent reforms of the beginning of the 2000s, which will be implemented in 2005, have the following objectives[17]:
-the regimes must be completely contributory.
-the legal retirement age will be suppressed, and replaced by a minimal pensionable age (63 years), and incentives must be created for encouraging a later retirement. It is possible to choose to retire between 63 and 68 years.
-the possibilities of early retirement will be reduced. An early retirement will be possible only from 62 to 63, with a reduction of the benefit[18].
-the part-time pensionable age rises from 56 up to 58 years.
-there will be a mechanism establishing an automatic financial equilibrium, by taking into account life expectancy in the calculation for pension.
-the supplementary pensions will be less and less based on a defined benefit system after 2005. They will become more similar to defined contribution regimes, but with differentiated accrual rates depending on ages.
-an other part of the reform of 2005 is the extension of non-contributory periods (maternity and paternity, period linked to the parental allowance, unemployment, etc.). Pension will accrue during periods for raising children or of unemployment, sickness, training.

Though this reform aims at reducing the costs of pensions in the long term, some improvements are introduced. From 2005 on, the duration of career associated with the possibility of accrued pension will be lengthened (the lower limit age for this accrual will decrease from 23 to 18 years), the accrual rates after age 53 will be raised, and the ceiling on the replacement rate (which was 60%) will be abolished. On an other side, the reference income will be changed[19].

At last, the contributions will probably be raised in the future.

Clearly, the reform in Sweden has been a model for several features of the reform in Finland.

C – Southern countries

1. Italy: several important reforms

-*The pension system*

Before the reforms of the 1990s, the system was based on a combination of a compulsory public regime, of an occupational pension, and of special allowances paid by companies when retiring ("trattamento di fine rapporto": TFR). A minimum pension may be paid on special conditions.

The pension system was particularly fragmented. Large inequalities characterized it[20]. Main inequalities concerned on the one side the eligibility of civil servants, particularly generous, and on the other side the low level of self-employed' contributions relatively to their benefits (Ferrera). Other inequalities exist, as, for instance, between wage-earners of large firms and those of small-middle firms.

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[17] See L. Vernière, Finlande: la réforme 2005 du système de retraite, Questions Retraite n°2003-57, mars 2003.
[18] In parallel, since the middle of the 1990s, a national program for the older workers has been developed. It concerns active people over 45 years and unemployed.
[19] The reference gross wage will be no more that of the average of the last 10 years of each labour contract but will be equal to the average of the wages of the whole career.
[20] Differences between categories raise all the more problems since categories which are not covered by social protection (small firms of the underground economy and self-workers) have particularly developed during the 1970s and the 1980s.

-*The changes of the 1980s*

Several modifications were implemented first during the 1980s. They generally correspond to the continuation of previous policies and have contributed reinforcing inequalities and inefficiency of the system. A general austerity program in 1983 led to more subordination of entitlements to means-testing, but problems of control of this condition gave rise to administrative disorganization.

Above all, concessions have been given to the public sector encouraging early retirement, in a context of high unemployment, with the creation of “baby pensions” in 1983: women employed in the public sector were entitled to a pension after only 12 years of work and without age condition. Possibilities of early retirement were also offered with seniority pensions which allowed retiring at 52 years after having paid contributions for 35 years. Self-employed’ pensions have also been somewhat improved at the end of the 1980s. At last, some benefit parameters have been modified in diverse ways (restrictive indexation in 1978 and 1981, or improvement in 1986).

-*The recent changes*

So, in 1992, the system was composed of a seniority pension and of an old-age pension. The seniority pension was given after 35 years of contribution in the private sector, 20 years (15 years for women) in the public sector, without age condition. The old-age pension was given at 60 years for men, after 15 years of contribution. All in all, the replacement rate was about 92% in the private sector, more than 100% in the public sector (Chagny et al.).

1992 corresponds to the beginning of a radically new period. There has been a succession of reforms: the Amato reform in 1992, the Dini reform in 1995, the Prodi reform in 1997.

a- The Amato reform in 1992.

-Its objective is to stabilize pensions relatively to the GDP. The number of contribution years is lengthened. The pension age will raise from 60 up to 65 years for men, from 55 to 60 years for women. The number of contribution years for the seniority pension will increase up to 35 years in the public sector. Pensions will be indexed on prices and no longer on wages.

-A new agreement on a proposition of reform is settled in 1993. A legal framework and tax incentives are considered for supplementary pension schemes. But the law is not implemented.

b- The propositions of reform made by the Berlusconi government, in 1994, have contributed to provoke its fall.

c- The Dini reform is passed in 1995.

-It takes place after an agreement, in may 1995, between the state and the trade-unions, but without the employers, on the basis of a plan established by experts of trade-unions. The fact that the accent has been put on long-term effects allows to make easier this agreement (Fargio).

-The calculation of pension is modified. The links between pensions and contributions is reinforced. The defined benefit schemes is to be transformed into defined contribution schemes with a principle of virtual funding. Life expectancy and growth of the GDP will be taken into account in the calculation of benefits.

The indexation of pensions will be made by taking into account the growth rate of GDP for the last five years. The virtual capital will be converted, at the time of retirement, with a coefficient depending on age, life expectancy, and an upgrading of 1.5% per year.

-All the schemes must converge towards the general wage-earners' schemes of the private sector. The management of schemes will be standardized: all the public schemes will be managed by the INPS.
-The retirement age will rise, and the calendar for modifying it is shortened relatively to the one of 1992.
Early retirement will be suppressed in 2008.
-It is also considered to give incentives to supplementary pensions.

d- Other measures also try to reduce the growth of pensions by limiting, in 1996, the possibility of receiving both seniority pensions and other labour income for the early retired.

e- There is an agreement between trade-unions (CGIL, CISL, UISL) and the State on the Prodi reform in november 1997. The consensus is particularly sought after by the government. Employers always keep out. The trade-unions want to influence the future system and have to convince their members that is is necessary to implement a reform while avoiding too large sacrifices which would provoke a rejection (Georgel). The importance of retirees' trade-unions also is to be taken into account. Debates begin with self-employed whose contributions are judged too low.
-This reform puts the accent on accelerating the schedule for raising the age of seniority pension but the system of seniority pension is not suppressed [21]. An other measure is important: the lengthening of the number of contribution years.
-Indexation must be less favorable for high pensions.
-A major point is the alignment of the schemes of the public sector with those of the private sector, associated with the plan of reform of the civil servants' status of 1993. In particular, the advantages of the "baby pensions" will be suppressed.
-The necessity of separating assistance and insurance is reaffirmed.
-In 1998, minimum pensions and assistance pensions must be raised.
-Contribution rates are raised for some categories whose contributions were particularly low: craftsmen, traders, farmers.
-Some categories are always in an ambiguous position. It is the case of the "parasubordinati" which have an intermediate status between wage-earners and self-employed.
-At last, the development of pension funds is fostered. But if the law creates incentives toward them, their development is limited though in expansion (Messori, Pizzuti). It is proposed that the TFR allowances be paid to pension funds, but employers are opposed to this solution as these allowances could be kept as book reserves.
Three forms of pension funds are allowed: closed (negotiated) funds based on collective agreements, open funds managed by financial intermediaries, and individual pension plans via life insurance.

So, all the system has largely been restructured (Antichi and Pizzuti), even if it is considered that this restructuration is uncompleted and that new transformations are necessary (in particular, the transformation of the old system into the new one is seen as needing to be faster). A lot of debates go on[22].

In summary, the main objectives have been to control expenditures, to create a link between benefits and contributions, to reduce inequalities between schemes (specially between those of the private sector and those of the public sector). As for the financing, the

[21] In 2008, it will be possible to retire at 57 years after 35 years of contribution, or after 40 years of contribution. The increase will be slower in the public sector. Manual workers are an exception.
[22] The CISL and the CGIL have different positions.

accent is put on the separation between assistance and insurance. The laws of the 1990s have also created a new framework for supplementary pension provision.

f- A new outline law has been introduced in 2002. Its objective is to draw the average retirement age back, with a grant for those working after the normal age for retiring. The number of years of contributions would be 40 in 2008 instead of 35 years. The combination of a pension and of a revenue drawn from working would be authorized. The TFR allowances would have to be transferred to pension funds.

The different trade-unions have opposed positions about possible modifications of age retirement, but they all are in favor of maintaining the seniority pension, at the contrary of employers. On their side, employers claim a reduction of contribution rates.

New propositions have again been made in april 2003. They are: reduction of 3 to 5 points of the employers' contributions and automatic transfer of TFR allowances to pension funds.

So, the process of reform seems to be not still finished in Italy though there have been severe recent modifications.

2. Spain: the search for a control and a better organization of public pensions

-*The pension system*

The first tier of the Spanish pension system is made up of a general scheme, financed by contributions, and of other schemes concerning the civil servants or the armed forces.

The pension of the general scheme takes into account the 15 years preceding the retirement (instead of 5 then 8 previously). A full pension is paid after 35 contribution years and at retirement age 65. In principle, pensions are indexed on the consumer price index since 1999. Most often in practice, the lowest pensions are raised in a higher proportion.

Non-contributory pensions provide a means-tested guaranteed minimum income for those without contributory pensions.

Amid people covered by supplementary schemes, only 10% are members of an occupational scheme established by a collective agreement. The book reserve financing system is being suppressed in favour of external funds to enhance the safety of pensions.

-*The changes in the 1980s*

The particularly high growth of pensions since the middle of the seventies[23] has led the government to try reducing them. An agreement has been passed in 1984, which plans that pensions will comprise a basic pension, financed by tax, an occupational pension based on an insurance principle, linked to wage, and a voluntary, funded, pension. The law of 1985, passed without consulting trade-unions, has hardened the eligibility conditions and reduced old-age and disability benefits[24].

The creation of pension funds was authorized in 1987: they must be negotiated in companies and trade-unions must be associated with the control of funds. These pension funds can be established by companies, associations, or correspond to individual accounts. They generally are defined contribution. Their development is limited. Firms often judge that the place of trade-unions is too important.

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[23] Several reforms have been implemented in 1972. Then, the growth of pensions has been very rapid. This was the result of ageing, enlargement of the coverage, and increase of benefit level. But the pension level are still relatively low as careers are incomplete and though the replacement rates are generous.

[24] Benefits are indexed on prices, their calculation is on the basis of the last 8 years of contributions instead of the last 2 years.

-*The recent changes*

New changes are introduced since 1990.

Some Social Pacts have specified the agreements on pensions. With the Toledo Pact, in 1995, the political parties promise to keep the system of social protection while making it evolve. The principle of funding is rejected and the attachment to the pay-as-you-go system is reaffirmed. However, it is admitted that it is necessary to diminish contributory pensions, viewed as too generous, and to develop supplementary pensions and private pension funds. The Pact plans the creation of a reserve fund for future pensions, financed by the potential surplus of contributions.

The employers do not sign this Pact because they would prefer a decrease of contributions; one of the major reasons of this claim is due to the fact that the proportion of employers' contributions is more than 80%.

The Pact is followed, in 1996, by an agreement between the government and trade-unions UGT and CO, without the employers, for guaranteeing the future of the system of social protection and the pensions financing. Then, a law carries out the decisions of the Toledo Pact in 1997[25].

Contributory and non-contributory pensions will be separated[26], and the generosity of pensions will be reduced[27]. A full pension will be given at the retirement age of 65 years, after 35 years of contribution. There is a minimum period of contributions of 15 years for being entitled to a pension. Pensions are indexed on prices since 1999. It is forecast that these conditions should allow to have a financial equilibrium until 2015.

As to early retirement, civil servants can retire at 60 years after 30 years of contributions without any penalty. However, there are exceptions to this rule for some categories of civil servants due to the decentralization of the management of civil service. On their side, the workers of the private sector have, in the case of an early retirement, a noticeable penalty.

In 2002, a law has been passed allowing a flexible pensionable age for encouraging the elderly to work. This should allow people over 60 years to continue working or to come back on the labour market without loosing all of their pension. Some modulations will be implemented for people over 65 years having contributed for more than 35 years. Early retirement is still possible for people over 61 years with 30 years of contributions but with a drop of 6 to 8%. If people continue working after 65 years, their pension increases (2% per supplementary year). Incentives are also given when hiring people of more than 55 years.

Since the beginning of 1999, there is a new debate on the necessity to increase the lowest pensions. Trade-unions demand it. The minimal pension has increased of more than 20% since 1996. It reaches a monthly amount of 362 to 471 Euros. The right to freely give non-contributory pensions is allowed to regions in 1999. But these pensions, with a low level, are in fact paid by the social security through the state budget. They vary by twice as much depending on regions.

[25] Civil servants are not concerned by the Toledo Pact.

[26] The resources for contributory pensions had largely contributed to finance non-contributory pensions in the past. This was contested. One of the main principles defended by trade-unions is the separation of financing sources, between the state and the social security, depending on the nature of the benefit. But this principle was not fully implemented.

[27] The indexation of benefits will be on the forecast prices, and their level will depend on the wages of the last 15 years. Incentives for early retirement are reduced.

As to occupational pensions, procedures of better guarantees will be imposed on them[28]. As their profitability has recently fallen, they are not much attractive though tax incentives which are given to them. However, the development of occupational schemes, particularly in small and medium-sized companies, is particularly promoted since 2002.

So, in the recent period, it seems that the main problems about pensions in Spain have not only been the question of controlling their growth but also of getting a "better" organization of the system

3. Portugal: limitation of public pensions

-*The pension system*

The basic scheme is mandatory for all employed and self-employed in the private sector. There are special schemes for civil servants, police and the army. There is also a voluntary scheme for the residents not covered by other schemes.

A reserve fund has been created in 1989 for the basic scheme.

A means-tested “social pension” is paid to people who are not covered by the general regime[29].

Schemes are fewly developed in the second tier. Pension funds are managed by private institutions.

Individual plans can take the form of life insurance policies or membership in a pension fund. Tax incentives are given to these individual plans.

-*The recent changes*

Benefits were particularly generous up to the beginning of the nineties. But economic difficulties led the government trying to slow down their growth.

Several changes have been introduced between 1993 and 1995. In particular, the retirement age for women will rise from 62 years in 1993 to 65 years in 1999. People beginning to work in the public sector since 1993 will be submitted to similar conditions to those of the general regime of the private sector and no more to those, more advantageous, of the schemes of the public sector[30]. In 1994, the conditions for entitlements to pensions are tightened. Pensions are calculated on the best 10 years over the last 15 years (instead of the best 5 years over the past 10 years), and they are indexed on prices.

The law of 1997 still reduces the generosity of pensions.

On an other side, minimum guarantees are somewhat improved. Minimum guaranteed levels for old-age pensions under the contributory schemes are introduced in 1998, depending on the number of contribution years. This level should converge towards the national minimum wage over the period 2003-2007. The non-contributory minimum pension will also be raised.

In 1999, a larger flexibility is allowed for retirement (early retirement at age 55 with a lower benefit). For late retirement, after the age of 70, pension is raised. The possibility of combining a pension and an earned income is allowed.

[28] A law, passed in 1995 and implemented in 1999, requires firms to take their negotiated benefits (pensions, life-insurances) out of their accounts and to transfer them in insurance companies.
[29] This pension is very low : it corresponds to about 37% of the minimum wage in 1995.
[30] The regime of the public sector was more generous. The retirement age was 60 years. The period of contributions was shorter.

Some changes have been implemented since 2000:
-the retirement age is 65 for men and women. A minimum of 15 years of insurance is necessary for having a pension.
-the calculation of pension will be based on the whole career amount (with a maximum of 40 years). Moreover, in 2002, it was decided to put a ceiling on insured earnings.
-a legal framework has been introduced for promoting the development of supplementary pension schemes.

So, the search for reducing the increase of pensions seems to have given rise to rather strong measures.

4. Greece: a search for a convergence of basic schemes and for a larger differentiation between primary and auxiliary funds

-*The pension system*

Several tiers are present in the pension system: primary insurance funds (about 80% of total pensions), auxiliary insurance funds (about 14.5% of total pensions), and "welfare funds" offering lump-sum severance payments on retirement[31]. All funds, but only a part of these last ones, are financed through a pay-as-you-go principle, with a State guarantee for the benefits. Differences are important, depending on schemes, for retirement ages, replacement rates, pension minima, contributions, subsidies, place of the assets. These differences are not only between funds but also within funds by occupational categories.

The organization of this pension system is made by sector of employment and is particularly fragmented. The largest funds are IKA for the private sector and OGA for farmers.

Auxiliary pensions are somewhat intermediary between what is generally associated with the first and the second tier. They are paid simultaneously with primary pensions. The system has recently been liberalised. All employees and a small percentage of the self-employed have the right to an auxiliary pension. These pensions are rapidly increasing.

A minimum pension is paid when the pension entitlement falls short of a minimum limit.

What is considered as the second tier (collective pensions, linked to employment and financed independently of the State) is not widespread.

-*The recent changes*

Since the beginning of the 1990s, several modifications have been passed. The law of 1992, in particular, has created a less generous system for those entering the labour market from the 1-1-1993 (the "new system workers").

Minimum retirement ages are progressively raised from 1998. This essentially affects sectors with lower retirement ages to bring them into line with those of IKA.

Since 1996, The EKAS supplement (pensioners' social solidarity supplement) plays a major role for social policy towards those with a low pension.

Measures limit also the incentives for early retirement, since 1998.

In june 2002, a new legislation have reinforced some tendencies. Globally, limits to pension entitlements are introduced[32] and contributions are raised[33]. The situation will be the following one:

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[31] See The Greek Report on Pension Strategy, september 2002, p.9.

[32] For instance, from 2001 on, pensioners younger than 55 who work will no more receive their pensions. Those of more than 55 will receive only a part of their pension.

-The principle of pay-as-you-go is maintained for primary pensions. The State has the obligation to cover the eventual difference between revenues and pensions.
-The minimum requirement will be 15 years of pension contributions for men and women, with a retirement age of 65 for men. Some particular advantages are given to mothers.
-There will be a possibility of early retirement: with 35 years of contributions, men aged 55 to 64 will be able to retire with a reduced pension. With 37 years of contribution, there will be no minimum retirement age.
-The replacement rate will be 70% and will increase after age 67.
-The minimum pension will strongly increase.
-The auxiliary pensions schemes will have to establish a link between entitlements and contributions.
-After 2007, new measures will bring the public sector into line with those of IKA (accrual rates, replacement rate, calculation of the reference income for pensions). From 2008 to 2017, all the parameters will have to converge, for public and private sectors. The reference income will be the same in all cases - the best 5 of the last 10 years.
-In 2008, there must also be an overall consolidation into a single Social Insurance Fund, IKA-TEAM, for all wage and salaried workers.
-A reserve fund is created.
-And a legislative framework is established for creating occupational funds, which were previously forbidden.

In summary, the major objectives of the law in 2002 were to limit fragmentation and to foster a more equal treatment for all, to limit the differences between old and new system contributors[34], and to differentiate the roles of the primary (central focus of the State interest) and auxiliary (State with a less active role) pensions. So, a greater flexibility is given to auxiliary occupational funds which should progressively be transformed into funded occupational schemes managed by the social partners.

All in all, the major problem for the recent period seems to have rather been that of re-organizing the system of pensions.

D - United Kingdom: incentives in favour of pension funds

-*The pension system*
-Basic schemes

A compulsory scheme of supplementary pensions linked to wage (SERPS) has been created in 1975. It adds to the basic flat-rate pension whose level is very low[35]. The possibility of going out of the SERPS by "contracting out" and paying corresponding contributions to private pension funds, on employer's occupational pension schemes or on individual accounts, has rapidly been offered. Other measures have been passed to decrease public pensions during the 1980s (in particular, indexation on prices instead of wages).

At present, the pensionable age is 60 for women (65 in 2020), 65 for men.

The basic pension is equal to 75.50 pounds (the equivalent of 123 euros) a week for a single, 120 pounds (196 euros) for a couple. This corresponds to about 20% of her wages when she was working. So one retiree out of five is under the poverty threshold.

There is a non-contributory minimum income guarantee which provides a means-tested allowance for people over 60.

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[33] The struggle against frauds associated with contributions is also reinforced.
[34] The purpose is to guarantee the 70% replacement rate from the primary pension for all employees.
[35] The basic pension, in 1996, was around 16% of the average wage of men.

-Pension funds

As for the second tier, pension funds have been implemented a long time ago. They are mostly based on a defined benefit principle. More than one wage earner out of two takes up a supplementary pensions from pension funds. So, their assets correspond to one of the highest percentage of GDP in Europe (about 75%). This has been enhanced by the fact that possibilities of contracting out were progressively enlarged and that particularly large tax incentives were given to pension funds (Hughes and Sinfield).

The law made easier the transferability of pensions of company schemes, in 1985, to promote labour mobility.

-*The recent changes*

Several measures have changed parameters of benefits in a restrictive way.

Then, as extensive frauds were brought to light, a new regulation of company schemes was provided for in 1995, but the obligation to pay a benefit higher than that of SERPS for defined benefit schemes was suppressed. Defined contribution schemes were developing for replacing the additional defined benefit pensions.

The publication of a Green Book in 1997 about the SERPS insufficiencies, the insufficiencies of company schemes which do not cover low wages, the problem of mothers and of self-employed, led to some questioning of the system in a context of developing poverty.

A plan was proposed in 1998 in the aim of diminishing the public part of pensions and of raising the benefits for the poorer retirees. It was built along three directions: a) a rise of guaranteed minimum, b) an introduction of a supplementary public scheme replacing the SERPS for low incomes, c) and the development of tax incentives for investment in new private schemes by middle and high incomes.

a) From 2003, the Pension Credit will replace the minimum income guarantee. It will be given to people over 60, and "will ensure that those over 65 can receive additional amounts from other pensions/savings up to a certain limit above the minimum guarantee level without losing their pension credit entitlement"[36]. The income test will also be somewhat less severe.

b) The SERPS was to be replaced in 2002 by the State Second Pension, more generous for low incomes (for a full career, this pension would be the double of the SERPS pension for low incomes), which would become a lump-sum benefit in 2007.

c) The Stakeholder Pension Schemes, aiming at middle incomes, may be offered by companies – they are pension funds, with a reasonable cost, strictly regulated by the state, whose management may be delegated to insurance companies, mutual insurance companies, or trade-unions. They are based on a defined contribution principle and are entitled to tax relieves. High incomes will have interest to invest on individual accounts of pension funds. (Chagny et al.)

The evolutions correspond to a development of private systems under the aegis of the state rather than to a real disengagement of the state. Actually, these new devices give rise to large tax incentives, regulation, control, and implementation of a guarantee system for pensions.

A change has been introduced for civil servants in october 2002. Since then, people entering the civil service can subscribe for a new pension plan. The contribution is equal to 3.5% of the wage, the benefit corresponds to 1/60 of the last wage for each working year. They can also choose a pension fund, to which their employer will pay contributions, and they

[36] Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, Brussels, COM(2002), Annex, p. 163.

can also choose to pay or not contributions to it. The Green Book of october 2002 recommends to have the same retirement age of 65 years for all the civil servants.

The Green Book of december 2002 also proposes two solutions to the current problems of pensions: to give incentives to save, or to encourage workers to work for a longer period. As the system of tax incentives is presently very complex, it would be modified and replaced by a single and for life regime of tax allowance for savings allocated to retirement. The British would no more receive a pension before 55, but the basic pension would always be paid at 65. The retirement age would be the same (65) for men and women, but the pensionable age would become flexible. People would be allowed to have a part-time work while receiving a part of their pension. A premium would be given to people working up to 70 as higher accrual of pensions would be implemented after the pensionable age. If such changes were accepted, their implementation would be progressive.

The strategy of pension funds has also evolved. With the evolutions and the demographic forecasts, one third of companies have imposed to their workers a new defined contribution system[37]. The recent crisis of the Stock-Exchange has still modified the position of pension funds. So, some big insurance companies have advised, in 2002, their members to quit them and to subscribe the complementary public scheme.

Nevertheless, the main strategy of the government has stayed unchanged: it is always the promotion of pension funds.

[37] Moreover, a radical plan has recently been proposed by the National Association of Pension Funds. It consists in creating a unique allowance of public pension which could be equal to 100 Pounds per month, or to 22% of the average wage, and would be indexed on wages and not on prices. Moreover, the pensionable age would be 70 years. The workers could save for their pension with their companies or with an other organization.

II – Global appraisal of the recent evolutions of the systems of pensions

In this part, we try to synthetize what are the main transversal elements of the recent evolutions of pensions in a somewhat sketchy way. In this presentation, the European countries are systematically grouped into the four classical clusters of welfare states, and we furthermore separate Luxembourg which is highly specific.

A-Quantitative elements

1. Level and structure of pensions

The relative importance of pensions, taken in a wide sense, in the GDP varies in a wide bracket in the 15 countries of the EU, between 3.6% in Ireland and 14.7% in Italy, around an average of 12.5% in 2000 (Table 1). Here, the definition of pensions cover old-age pensions, early retirement pensions, partial pensions, survivors pensions, and preretirement for economic motives, preretirement pensions for reduction of the work capacity, and disability pensions[38].

TABLE 1: The importance of pensions

	I Pensions in % of GDP 1990	II Pensions in % of GDP 2000	III Old-age pensions in % of total pensions 2000	IV Survivors' pensions in % of total pensions 2000	V=III+IV 2000
NL	15.4	13.0	61.5	10.6	72.1
Be	11.8	11.1	64.6	20.4	85.0
Ge	12.0	13.0	79.1	3.0	82.1
Fr	12.5	13.2	79.4	11.8	91.2
Au	13.7	14.0	59.4	19.5	78.9
Dk	9.6	10.5	62.8	0.0	62.8
Sw		11.9	75.6	5.9	81.5
Fi	10.4	10.6	59.6	8.9	68.5
It	13.4	14.7	75.8	17.6	93.4
Sp	9.4	10.0	75.4	8.0	83.4
Po	7.5	11.1	65.8	12.0	77.8
Gr	11.9	12.5	64.5	6.5	71.0
UK	10.2	11.9	80.5	8.1	88.6
Ir	5.6	3.6	45.9	21.4	67.3
Lu	12.1	10.0	72.8	5.9	78.7
EU-15	11.9	12.5	75.8	10.3	86.1

Source: EUROSTAT. Pensions: old-age pensions, early retirement pensions, partial pensions, survivors pensions, and preretirement for economic motives, preretirement pensions for reduction of the work capacity, and disability pensions.

In average, these pensions represent the most important part of total social benefits: about 46.4 % of the total in the European Union.

Within pensions, the sum of old-age and survivors pensions, which can be seen as those which are the most directly linked to old-age, represent between 62.8% in Denmark, where early retirement and invalidity benefits are relatively well developed, and 93.4% in Italy where there is no special policy for early retirement for instance.

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[38] See G. Abramovici, La protection sociale: dépenses de pensions, Eurostat, Statistiques en bref, Thème 3, 11/2003.

Periods of changes in the growth rate of real benefits are most often linked, in each country, to its specific economic and political conditions, but a major turn took place towards 1993 in all the countries, with a strong decrease in benefits' growth[39]. This may widely be ascribed to the Maastricht Treaty and to the implementation of its associated criteria, and may be observed even in the countries which stay outside this treaty. However, as the growth of pensions had been sustained since the beginning of the 1980s until 1993 and had represented a large part of the growth of social expenditures, the attention of the governments has particularly focussed on these benefits for trying to limit them.

2. The financing of social expenditures

When taking into account the differences of the field "pensions" between countries, it appears that it is not possible to compare their financing. It is only possible to compare the financing of total social benefits.

The three main financing components are social contributions paid by protected persons, social contributions paid by employers, and current general government contribution (based on taxes). In general, the fourth part, which mainly consists of fees or of expenditures supported by users, is negligible but in some countries which are the Netherlands, the United-Kingdom (in the past) and Portugal, where market mechanisms are relatively more important for social protection (Table 2).

TABLE 2: Current receipts by type as a % of total receipts

	Social contributions paid by employers		Social contributions paid by protected persons		Current general government contributions		Other current receipts		Total	
	1980	1998	1980	1998	1980	1998	1980	1998	1980	1998
Ne	37.0	30.1	31.0	34.3	20.4	15.7	11.5	19.9	100	100
Be	44.5	50.6	17.8	22.4	34.0	24.4	3.8	2.6	100	100
Ge*	41.5	37.4	28.0	28.7	26.9	30.9	3.5	3.0	100	100
Fr	55.5	46.5	24.2	19.9	17.3	30.7	2.9	2.9	100	100
Au	38.1 (1990)	37.5	25.1 (1990)	27.1	35.9 (1990)	34.5	0.9 (1990)	0.9	100	100
Dk	10.0	8.7	2.3	17.9	82.9	67.2	4.7	6.3	100	100
Sw		39.1		9.3		45.8		5.9	100	100
Fi	44.1 (1990)	36.2	8.0 (1990)	13.8	40.6 (1990)	43.1	7.3 (1990)	6.8	100	100
It	60.0	44.7	13.9	14.8	23.8	38.3	2.4	2.2	100	100
Sp	63.6	52.2	18.8	17.5	16.1	27.2	1.5	3.1	100	100
Po	53.2	29.5	18.7	17.8	25.4	42.6	2.7	10.0	100	100
Gr		37.6		24.1		29.2		9.1		100
UK	33.5	27.0	14.5	24.4	43.2	47.9	8.7	0.7	100	100
Ir	24.6	23.9	11.2	13.6	63.3	61.3	1.0	1.2	100	100
Lu	35.4	25.0	23.4	24.2	32.9	46.3	8.4	4.4	100	100

Source: Eurostat: Old series for 1980, new series for 1998.
* West Germany for 1980, Germany (new frontiers) for 1998.

Globally, the financing structure is linked to the type of social protection, rather Bismarckian or rather Beveridgean (Table 2). In 1998, contributions of employers are particularly high in Spain (52.2% of the total), Italy, Belgium, and France, and they are the lowest in Denmark (8.7%). Contributions paid by protected persons vary between a minimum of 9.3% in Sweden and a maximum of 34.3% in the Netherlands. Current government contribution is the lowest in the Netherlands (15.7%), the highest in Denmark and Ireland (more than 60%). They generally are higher when there is a national health service or a

[39] See C. André, Pensions in the European Union. Where are we? Where are we going? Paper for the EPOC Meeting, Brussels, September 2002.

universal old-age pension, but it is not always the case. At last, the financing structure may largely vary within each cluster of countries.

The structure of receipts: its evolution

Several observations may be made for the middle-long term evolutions:

- The relative share of contributions paid by employers generally decreases during the eighties. The same trend is observed in most of the countries and is particularly pronounced in Portugal. But these contributions increase during the nineties in Belgium and, in a lesser degree, in the Netherlands, Denmark and Sweden.
- Contributions paid by insured persons have relatively risen during the whole period. It is especially the case in the Netherlands, Austria, Denmark, Sweden and Finland.
- So, the relative shares of total contributions are now more similar than at the beginning of the period.
- There is also some convergence in the evolution of the relative share of public contribution until the middle of the nineties.
- The fourth part (tariffs, fees, etc.) has quite different evolutions. It is relatively important for most of the period in the Netherlands and Portugal, where private social services and the place of tariffs and fees have expanded. It was also important in the United-Kingdom until the middle of the nineties.

In brief, social contributions have developed to the detriment of tax financing in Denmark and Sweden, in the Netherlands, and in a lesser extent in Belgium, countries where their initial relative share was relatively low. On the contrary, a relative decrease of social contributions, compensated by an increase of tax financing, takes place as well in countries where their initial share was large (in France where the "contribution sociale généralisée" substitutes for a part of social contributions since 1989[40] and potentially in Germany with the recent eco-tax) as in countries where it was small (the United-Kingdom for instance). Some analogous change (decreasing contributions, growing taxes) is also observed in Spain, Portugal and Italy, in Luxembourg (and in Finland during the nineties). This may partly be linked in the Southern countries, among other reasons, to the implementation of national health services at the turn of the seventies-eighties which implies such a type of financing, and to the political will of keeping the advantage for competition in terms of low labour costs, the reduction of social contributions being part of it.

In summary, there has been some convergence towards an intermediate position, with less differences between the place of contributions and of taxes, principally due to the move of the countries which were the nearest of Beveridgean and Bismarckian "ideal" categories.

What happens for the qualitative dimensions of the social state?

B-The main trends of the recent reforms

The main tendencies in the recent evolutions of systems of pensions in Europe are essentially associated with a search for cutting public direct expenditures for pensions. Several types of changes have been implemented.

1. Basic schemes

a) Modifications of parameters defining entitlements and levels of pensions

[40] At the difference with the income tax, the CSG is proportional and earmarked.

The most direct way for limiting the growth of benefits is to modify the parameters both in a sense of tightening the entitlements to them and of diminishing their generosity. We have seen that, in the processes of changes implemented in the diverses countries, such modifications have received the priority. Moreover, these interventions are the most easily carried by the state because they generally may be enforced without any bargaining or with few bargaining with the social partners.

Modifications of parameters have three main aims: lengthening the working life, reducing the pension level and establishing it on an individual basis, and counterbalancing some of the tough effects of the preceding measures.

The most usual changes have been as following.

1) Lengthening the working life

* *Delaying the age at which a full pension is paid*.
a) Raising the retirement age.
-This is a general measure. Practically all the countries have raised or plan to raise this age up to 65 years when it was lower (Table 3). In some coutries where the retirement age was higher for men, it is the retirement age for women which is planned to rise for catching up that of men. But the pensionable age for women will reach 65 years only in the long term in United-Kingdom and Austria.
-Some countries constitute an exception. Denmark has made the retirement age decrease from 67 to 65 years, but the point of departure was particularly high and this was done in a period of increased unemployment. For France, the case is totally different as the important decrease from 65 to 60 was rather due to political reasons of legitimacy (see the paragraph on France) even if this measure was also considered as a way of reducing unemployment.

TABLE 3: Retirement age and early retirement age*

	NL	Be	Ge	Fr	Au	Dk	Sw	Fi
Retirement age								
-actual Women	61	57.3	61.4	58.6	60.3	63.0	62.7	61.6
Men	61.9	58.5	61.7	58.7	60.9	63.7	63.3	62.4
Total	61.7	58.1	61.6	58.7	60.9	63.6	63.2	62.2
-legal Women	65	62 (65: 2009)	65	60	60 (65: 2033)	65 (1)	65 (2)	65 (3)
Men	65	65	65	60	65	65 (1)	65 (2)	65 (3)
Early retirement	No	From 60 (with conditions on contributions)	From 60 with strict conditions	No	56.5 for women, 61.5 for men. Will be raised.	No for the public pension scheme. ATP: 65	From 61	From 60

	It	Sp	Po	Gr	UK	Ir	Lux
Retirement age							
-actual Women	60.3	61.3	64.2	58.5	62.0	62.8	56.0
Men	60.4	61.5	64.0	61.9	64.2	64.9	58.0
Total	60.4	61.4	64.5	60.4	63.2	64.3	57.5
-legal Women	60	65	65	65	60 (65: 2020)	65 (4)	65
Men	65	65	65	65	65	65 (4)	65
Early retirement	At 57 if 35 years of contribution, or after 37 years of contribution	From 60 (for the insured before 1/1/1967), or from 61 (with conditions)	From 55 (after 30 years of contribution, or with other conditions)	From 60	No	No	After 57 (with some conditions)

* The legal retirement age in the table is the current legal retirement age or that which must be implemented in the few next years.

(1) 65 for the public pension scheme; 67 for the supplementary pension ATP.
(2) 65 but possibility of staying until 67. The last recent reform has suppressed the legal retirement age and replaced it by a minimal pensionable age (61) without upper age limit.
(3)The last recent reform has suppressed the legal retirement age and replaced it by a minimal pensionable age (63) without upper age limit
(4) 65 for the retirement pension; 66 for the old-age contributory pension

Such a raising of the legal retirement age does not take into account the fact that the actual retirement age is generally much lower than this legal age and that the labour market will probably not allow an adaptation in the short term (and may be in the middle term).

b) Increasing the necessary number of contribution years for a full pension.
This is also a general measure, often repeated at several times for implementing it progressively. In France, this period has increased from 37.5 to 40 years. It is even considered in France to automatically lengthen it in function of the lengthening of life expectancy. This period has also been lengthened in Spain for instance.

* *Incentives for not retiring before legal age and for retiring after legal age*.
Modulations of the accrual rates have been sometimes implemented for not retiring before legal age, under the form of penalties on the level of pension, for instance in Austria or in France. But accrual rates are also higher, in some countries, when continuing to work after the retirement age (France, Spain, Greece for instance).

* *Enlarging the possibilities to receive both a pension and an income associated with working.*
In several countries, the possibility to continue working even when receiving some pension has been offered (Germany, Austria, Finland, United Kingdom, Spain for instance). In some cases, this compensates for the suppression of possibilities of preretirement.

* *Reducing the possibilities of early retirement and reducing or suppressing the preretirement plans*.

-In most of the countries, possibilities of early retirement had been created, often at the end of the 1970s or at the beginning of the 1980s, in a period of growing unemployment. These possibilities have been recently tightened, in a progressive way, by raising the age limit or by increasing the number of years of contributions for being entitled to such a pension. So, to-day, the age limit for early retirement is often about 60 years (Table 3). Such possibilities of early retirement may be kept but with penalties on the benefit level, or they may even be completely suppressed.
-In other countries (as France), there were specific systems of preretirement associated with some conditions. Generally, such systems are also under destruction.

2) Reducing the pension level and establishing it on an individual basis

* *Reducing the pension level*.
Several ways of diminishing the benefits are used.
-The first one bears on the reference-income (the income that is the basis of calculation for pensions). In most of the countries, the period considered is lengthened in a noticeable manner: for instance, from the best 15 years to the whole working period in Sweden, from the best 10 years to the best 25 years in France, or from the best 10 years to the best 18 years in the future in Austria. An other way to reduce the reference-income is due to the change in the upgrading of these past wages (upgrading with prices instead of with wages in Belgium for instance), which, according to COR and Math, has probably the most important impact on the level of benefits.
-The change of accrual rates associated with a lengthening of the number of years of contribution or with the introduction of penalties in case of retiring before the legal age may contribute to a decrease of pensions (see above).
-The change of pensions indexation in a restrictive way has been used in near all the countries. It is the measure that has the most rapid result on pensions evolution. So, pensions have been indexed on prices instead of on wages in Belgium, France, United Kingdom, Italy, Spain, Portugal. In Germany, pensions are indexed on net wages instead of on gross wages. A similar change has been introduced in Austria. In Finland, where pensions are indexed on a mix of prices and wages, the part of wages has been reduced.
-Tightening the links between contributions and pensions is also a way of controlling the growth of pensions. As this has been associated with "big reforms" and constitutes a radically new measure, it is studied in a special paragraph below.
-In some countries, survivors' pensions are planned to decrease (Germany or possibly Austria for instance), which also goes with the fact that the accent is put on reinforcing the link between pensions and earnings and that the activity rate of women is supposed to somewhat increase in the future. May be, it can also be assumed that the improvement of minimum pensions in several countries is supposed to allow some substituting for survivors' pensions.

* *Individualization of pensions*.
In Netherlands, a big change has consisted in benefit individualization. Benefits are no more determined on a family basis but on an individual basis. This goes with and is allowed by the development of women activity and by evolutions of family structures.

3) Counterbalancing some of the preceding measures

* *Some enlargement of non-contributory pensions*.
As most of the preceding interventions have contributed to decrease old-age benefits, it has revealed necessary to compensate for this by granting some advantages, generally to some of

the possibly most precarious categories. This has resulted in an enlargement or in the creation of non-contributory periods as child raising, vocational learning, etc. This is in particular the case of Germany and Finland for instance.

* *Improving or creating a minimum guarantee for the elderly*.

In the case of universal coverage by the system of pensions, the totality or the quasi-totality of the population receives a benefit, even if sometimes low.

In Bismarckian systems, the poor elderly rather receive a minimum pension or a minimal general assistance allowance. As there has been an increase of poverty among the elderly when this minimum guarantee was very low, it has revealed necessary to increase it. Several countries have done it, in particular the Southern countries.

TABLE 4: Minimum income guarantees for older people

NL	Be	Ge	Fr	Au	Dk	Sw	Fi
(Universal pension)	Social assistance for the elderly over 62 years (GRAPA).	Social assistance Means-tested benefit has been recently enlarged.	Old-age minimum if +65 years. Minimum plus supplementary allowance.	Minimum pension guaranteed through means-tested top-up benefit.	(Universal pension) Access to categories of needs and income tested supplements.	(Universal pension, until the recent reform) Old-age guaranteed pension for +65 years (and other allowances for housing)	(Universal pension) Social assistance.

It	Sp	Po	Gr	UK	Ir	Lux
Old-age allowance for +65 years. Top-up benefits to raise lower pensions to a minimum. Social assistance.	Means-tested guaranteed minimum income for those without contributory pensions.	Non-contributory social pension (means-tested). Minimum integration income (social assistance).	Means-tested pension supplement (EKAS) for those with a pension below a minimum. Means-tested benefits for those without an insurance record.	(Universal pension) Minimum income guarantee for +60 years.	Non-contributory flat-rate social pensions if +66 years. Minimum pension. Numerous benefits in kind (means-tested if less than 70 years).	Guaranteed minimum income

Source: Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, Brussels, COM(2002), p.23-24.

Other allowances, like housing allowances, have somewhat substitute for low levels of minimum pensions (United Kingdom for instance). More generally, in this recent period, a series of new targeted benefits have been implemented for different types of risk. But they proved inefficient for guaranteeing minimum resources to population in a general way. So, some countries recently set up a wider safety net. It is the case of France ("revenu minimum d'insertion" in 1988), of Portugal (guaranteed minimum income in 1996-97), and of some regions in Italy and Spain. This may sometimes concern the elderly when there is no minimum old-age benefits. All in all, the importance of general assistance, relatively marginal in the seventies, has noticeably increased. In this domain too, changes have pronounced country-specificities (Paugam, Laville).

* *Creation of cash benefit for long term care*

At last, a very important novelty for the elderly is the creation of a new *cash* benefit for long-term care. It has been first set up in Germany in 1994 for two reasons: evidence of the need of such a measure, necessity to alleviate the financial difficulties, due to unification, of Länder which were in charge of aid for the elderly. A similar benefit has been implemented in France in 1997 but, unlike Germany, it was first managed by local authorities ("départements"). We have seen that this organization led to such inequalities that a reform was passed in 2001 (see the paragraph on France). In Austria too, such a benefit is implemented. But it seems that the traditional benefits *in kind*, for the same aim, of the Scandinavian countries have less unequal effects.

b) Structural reforms of pensions: implementing "notional" accounts

The tightening of the links between contributions and benefits is also a way of controlling the growth of pensions. It is particularly used in the case of supplementary pensions or of pensions linked to earnings via contributions. The implementation of "notional" accounts has this orientation: they are both pay-as-you-go and defined contribution systems. It has been associated with structural reforms of systems of pensions in Sweden and Italy. As this question has been treated with some details in the paragraphs relating to these countries, it is just evoked here, but it may be regarded as a major innovation in the recent period which is considered with attention by other countries.

c) Modifications of the financing of social benefits

We have seen above that it is not possible to precisely compare the financing of pensions as it is very specific to each country and depends on the field of benefits they are supposed to cover. For instance, contributions for old-age pensions may be the same as for survivors' pensions, or for disability pensions, etc. When the system of pensions is universal, there is no specific contribution for old-age pensions.and then, the problem of financing is considered in a more general way. Nevertheless, some remarks can be done.

* *The problem of the level of the financing*

-What can be noticed is that there has been, at least in a first time, a general and important increase of contribution rates. But to-day, in Germany for instance, the stabilization of contribution rates is considered as a major aim for reasons of cost-competitiveness as it is supposed to increase the labour costs.

-On an other side, this relative increase of contributions has concerned employees' contributions (but in France where they have been replaced, for a part, by a "contribution sociale généralisée" with similarities with the income tax; and also but in Spain and Portugal where the financing by taxes has developed), while the proportion of employers' contributions has decreased (but in Belgium).

-Several countries have also implemented reserve funds which have to accumulate funds which are supposed to help paying pensions in the future. The Scandinavian countries have created such funds since a long time, so these funds are important relatively to the GDP (Table 5). In countries where they have been recently created, it is dubious that they will be able to cover in twenty years a large part of pensions as the level of their assets is low and rises only slowly.

An other problem associated with these funds is that a more or less large part of their investments is risky.

TABLE 5: Reserve funds of the first tier schemes, in % of GDP (2000-2002)

NL	Be	Ge	Fr	Au	Dk	Sw	Fi	It	Sp	Po	Gr	UK	Ir	Lu
3	0.5	none	0.8	none	25	29	55	none	1	5	none	none	8	22

Source: Joint Report by the Commission and the Council on adequate and sustainable pensions, Council of the European Union, Brussels, 3 March 2003, 6527/2/03 REV 2.

* *The problem of the link between types of financing and types of benefits.*

A trend has developed in most of the countries for clearly separating what is associated with assistance-solidarity and what is associated with insurance within systems of pensions. This is in particular the case of the Southern countries.

2. Supplementary schemes: incentives for private pensions

As we have seen it in the preceding part, practically all the countries have developed incentives favourable to private pension, essentially for pension funds[41] but also, in a lesser extent, for the other existing forms of private pensions (book reserves for instance). But the importance of these incentives and their results are quite different depending on countries.

It would be necessary to take also into account the fact that some other forms of what could be somewhat considered as pension funds are present and receive tax incentives (this is the case of life insurance or of "épargne salariale" for instance), but the lack of data does not allow to make a quantitative comparison of their relative importance. Generally, it seems that tax incentives for life insurance are lower than those for pension funds (line 2 of Table 7).

So, we will focus on the classical forms of private supplementary pensions. They have more or less developed in the past depending on the generosity of the basic schemes. Their contemporary importance is summarized in Table 6 which shows a large diversity of their coverage.

[41] There is some ambiguity about the term "pension funds" as they have different logics depending on their functioning: defined benefit or defined contribution. It must be recalled that, as we saw in part I, the defined benefit plans tend to be replaced by defined contribution plans.

TABLE 6: The place of private pensions

	NL	Be	Ge	Fr	Au
Coverage	-83% of pensioner households receive a supplementary pension -90% of workforce covered by collective agreement on pensions	-Beneficiaries: 12.8% of those receiving a public pension -35% of employees contribute to occupational pension schemes	-28% of employees in commerce and 64% in industry were covered (West Länder). -Total old-age incomes: 7% from the 2nd tier, 10% from the 3rd tier.	-Voluntary occupational pensions: about 1.7% of total pensions to employees and self-employed	-Less than 10% of people have acquired rights to occupational pension under a funded scheme
Assets in % of GDP: -2nd pillar 2000 -2nd and 3rd pillars (years between 1999 and 2001)	111.0 166	5.9 14.7	16.3	6.6	12

	Dk	Sw	Fi	It	Sp	Po	Gr
Coverage	-82% of full-time employees of 15-59 contribute to a labour market pension scheme	-About 90% of workers covered by a collective pension scheme	-1st tier schemes: 12% of GDP -2nd tier schemes: 0.5% of GDP	-8.7% of workforce contributing to a public scheme are covered by a supplementary pension scheme (collective and individual)	-About 1/3 of people contributing to social security are covered by a pension plan (other than public schemes) -10% of people covered by a pension plan are covered by occupational plans	-About 293.000 participants in pension funds	-Occupational pension: mainly in international companies -Futur: auxiliary funds transformed into occupational plans
Assets in % of GDP: -2nd pillar 2000 -2nd and 3rd pillars (between 1999 and 2001)	23.9 79.4	56.6	8.9 12	2.6	7	11.5 11.9	4.2

	UK	Ir	Lux
Coverage	-44% of working age population contribute to an occupational or personal pension -60% of pensioner households receive an occupational pension	-46.8% of workforce aged 20-68 covered by employer's occupational pension schemes	-Occupational pension scheme mainly in the financial sector
Assets in % of GDP: -2nd pillar 2000 -2nd and 3rd pillars (years between 1999 and 2001)	80.9	51	0.2

Source: Joint Report by the Commission and the Council on adequate and sustainable pensions, Council of the European Union, Brussels, 3 March 2003, 6527/2/03 REV 2.

If the rythm of development is quite different during the recent period, depending on the countries, the forms taken by private pensions are also quite different (last line of Table 7), going from book reserves to collective insurance plans, with more or less freedom for choosing assets, with involvement or not of trade-unions in the management, etc.

A general trend of transformations of pension funds is the change of defined benefit systems into defined contributions systems.

As for public interventions towards private pensions, two kinds of measures have developed in the recent period:

-tax incentives for pension funds and/or sometimes for the other modes of private pensions,

-implementation or development of public regulation concerning financial guarantees that privat funds must offer, and concerning also a liberalization of pension funds (as possibilities of investing abroad for instance).

So, there is not really a State retrenchment in this domain, but rather a development of forms of interventions that are not associated with public expenditures.

TABLE 7: Some characteristics of private occupational pension schemes (for years between 1998 and 2002)

	NL	Be	Ge	Fr	Au
Administrative costs [For comparison: data for public schemes between brackets] *		4% of total expenses for the 2nd and 3rd tiers [1% for the basic schemes]	[1.6% of total receipts of the statutory pension expenditures]	4% of total expenses for voluntary supplementary schemes	[1.8% of pensions expenditures in public schemes]
Actual marginal rate of real taxation**: -life insurance -pension funds	 -0.21 -0.03	 -0.3 -0.21	 -0.36 0.11	 0.02 -1.36	 na na
Organization, Regulation*	-Supplementary pensions: generally by sector or by firm. Responsibility of social partners (within regulatory framework of PSW). -Company plans with an insurance contract.	Some occupational schemes. Pension funds, group insurance.	-Some occupational schemes: book reserves. -Insurance contracts between an employer and an insurance company. -Pension institutions (functioning like mutual insurance companies) -Relief funds (implemented by the employer) -Pension funds.	-(Supplementary pension: Insurance legislation). -Collective pension funds (with quantitative limits for some assets)	Some occupational schemes (book reserves...).

TABLE 7 (continuation)

	Dk	Sw	Fi	It	Sp	Po	Gr
Administrative costs [For comparison: data for public schemes between brackets]*			-2.7% of premium income for the total pension insurance system -4.9% of premium income for life insurance component	0.57% of the value of assets for closed pension funds			
Actual marginal rate of real taxation **: -life insurance -pension funds	 0.12 0.13	 0.18 -1.13	 na na	 0.06 -0.74	 0.02 -0.53	 -1.45 -1.47	 na na
Organization, Regulation *	(Supplementary pension: Insurance legislation). Autonomous pension funds, collective insurance managed by insurance companies.	(Supplementary pension: Insurance legislation) Some occupational scheme: book reserves Pension foundations, life insurance companies.	(Supplementary pensions: compulsory, both PAYG and funded). Some occupational schemes. Life insurance, pension funds, pension plans, book reserves.	-Closed funds: Organized by sector, categories of workers, or regionally, or for cooperatives. Managed by associations or foundations, not-for-profit basis. Defined benefits or defined contributions. -Open funds: For all individuals. Managed by financial intermediaries. Defined contributions.	Some occupational scheme: book reserves. -Plans linked to employment : for firms. Voluntary. -Association plans : for associations, trade-unions, occupational organizations. Voluntary. -Individual plans.	Some occupational schemes. Life insurance companies, pension fund management companies.	Supplementary pensions: by firm or by occupation. Collective savings funds, group insurance.

	UK	Ir	Lux
Administrative costs [For comparison: data for public schemes between brackets]*	Maximum of 1% (imposed by law) of the fund's value for Stakeholders Pensions	5% of contributions for occupational schemes [1.5-2% of total payments for all contributory old-age pensions]	[1.4% of spending of the general pension scheme]
Actual marginal rate of real taxation **: -life insurance -pension funds	 0.04 -0.44	 na na	 0.06 -0.88
Organization, Regulation *	-Pensions by companies (companies, administrations of the public sector) under trust law. Most often defined benefits. -Individual plans and, since 2001, stakeholder pensions. Defined contributions.	Pension funds, group insurance.	-Some occupational schemes: book reserves -Group insurance, Pension funds (with quantitative limits for certain assets).

* Joint Report by the Commission and the Council on adequate and sustainable pensions, Council of the European Union, Brussels, 3 March 2003, 6527/2/03 REV 2.
** Estimates for the beginning of 2001 from T. Laurent et Y. L'Horty, "Fiscalité de l'épargne en Europe : une comparaison multi-produits", Revue d'Economie Financière n°64.

The main specificities of countries are summarized below.

a) Continental countries

The Netherlands is quite specific amid the continental countries. Pension funds have developed since a long time due to the low level of the basic pension. Supplementary pensions are seen there as a complement of this basic pension, as usually it is considered that the replacement rate for the whole pensions must be around 70%. Most of the pension funds are organized by sector or by firm. The corresponding assets were large in the seventies and have increased until to-day. The question of tax incentives in favour of these funds does not seem to have raised special problems at the difference with the United-Kingdom.

Amid the other continental countries, Germany is the only one to have implemented a recent "big" reform[42], where the principle of reinforcing pension funds on a voluntary basis has a major role. Here, the aim is rather to keep the public contribution rate at a stabilized level. The development of pension funds may take specific forms, different from the traditional book reserves whose place was the most important until now (one third of workers in commerce and two thirds of those in industry are covered by occupational plans).

In Belgium, one third of employees are covered by occupational schemes. It has been decided to enlarge tax incentives for the second tier schemes and individual plans, but the effects are moderate.

In France, the generosity of compulsory schemes has relatively left few possibilities of development for other supplementary pensions. For the recent years, the debates pointed out to a specific problem: the opportunity of new financing means and the larger stability (compared to the one offered by foreign funds that are quite important in the French stock-exchange) that such funds could supply to firms. Few developments have followed the various plans in France[43]. The reform in progress rather puts the accent on modifications of parameters, as the context concerning the Stock Exchange is rather dull, even if incentives to

[42] One of the reasons for which reforms were really considered as particularly urgent and necessary in Germany is linked to the heavy costs of unification and to the fact that social security has financed the main part of these costs.
[43] One reason for this rigidity is linked to the attachment of trade-unions to complementary regimes, in the management of which they are participating. Indeed, they gain a good part of their legitimacy in this responsibility which compensates for the relatively few importance of their members in private establishments and to the reduction of the public sector where they enlisted most of their members.

pension funds are evoked. A special form of long-term savings, "épargne salariale" ("wages savings") which contributes stabilizing the financing of companies, is promoted by the State.

In Austria, occupational schemes are fewly developed. Recent measures have enlarged incentives to pension funds.

b) Scandinavian countries

The role and importance of pension funds are different within the Nordic countries.

Supplementary private pensions are, since a long time, more important in Denmark than in Sweden as statutory supplementary pensions were less generous. Recent changes appeared in the nineties as the Danish trade-unions impulsed some development of occupational regimes.

The major Swedish pensions reform, in 1994-98, has promoted the institutionalization of compulsory pension funds after a very long process[44]. These funds are now integrated into the pension system (2.5% of sums paid for pensions are assigned to public or private funds, on individual accounts).

In Finland, the organization of supplementary schemes is quite peculiar as they are mandatory and financed with both principles of pay-as-you-go and funding. Moreover, they are often managed by private organizations under a public supervision. A main change is that they must be less ans less defined benefit and more and more defined contribution.

c) Southern countries

Pension funds are also quite unequally developed within the Southern countries.

Since 1992, the recent large Italian reforms have dealt with this problem. The law has created incentives in favour of pension funds, so they have recently known some expansion.

The authorization to create pension funds in Spain in 1987 has been quickly followed by the general Toledo Pact which re-states the importance of pay-as-you-go regimes in 1995. Recently, the development of occupational schemes, particularly in small and medium-sized companies has been specially promoted.

In Portugal, private pensions have somewhat increased since 1987, due to the low level of basic pensions. A legal framework for promoting the development of supplementary pension schemes has been recently introduced. They seem particularly advantaged by taxation (line 2 of Table 7).

At last, in Greece, there are few occupational schemes. A legislative framework has recently been established for them.

d) United-Kingdom and Ireland

Pension funds have been implemented a long time ago in the United-Kingdom. Their relative share in percent of GDP is specifically high in this country relatively to the European ones. In a first period, in 1975, public schemes with pensions linked to wages were made compulsory (SERPS). But it soon became possible to "contract out". Massive tax incentives were implemented in 1988. Then, as extensive frauds were brought to light and as a Green Book about the SERPS insufficiencies was published, during the nineties, a new regulation and specific incentives in favour of publicly controlled pension plans for low-middle wages were implemented. But again, a few time later, more general tax incentives, not limited to middle class, were given to private funds. A general trend is to put an end to defined benefit plans and to replace them by defined contribution plans.

In Ireland, near half the workforce is covered by occupational schemes. They are mainly defined benefit, even if defined contribution ones are increasing.

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[44] However, the most original part of this reforma may be the creation of notional plans.

e) Luxembourg

In this country, there are few occupational schemes. Fiscal incentives are also given to individual plans.

C-Problems associated with these changes

1. Parametrical changes

Several problems are associated with the parametrical modifications of the basic schemes. The main ones are linked to the drawing back of the retirement age and the lengthening of the number of contribution years.

Actually, as Table 3 shows it, there is often an important difference between the actual and the legal retirement age, the first being much lower than the the second. Table 8 confirms that the activity rate of the older workers may be sometimes rather low. So, it will probably remains difficult for a long time for a large part of the older workers to be able to fulfil these conditions.

TABLE 8: Employment rates

	NL	Be	Ge	Fr	Au	Dk	Sw	Fi	It	Sp	Po	Gr	UK	Ir	Lu	EU 15
55-9	58.2	39.3	66.7	52.7	44.6	77.3	82.8	62.9	38.0	52.0	58.2	50.2	66.8	56.2	39.5	57.1
60-4	46.0	12.4	22.7	10.2	12.3	34.1	49.9	26.9	18.7	31.4	46.0	30.6	39.0	37.6	8.9	24.7

Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, Brussels, COM(2002), p.52.

Naturally, this type of parametrical changes also particularly worsen the penalties for some categories of workers. This often concerns women but also all those with precarious careers and a-typical jobs (fequent periods of unemployment, etc.) whose importance is somewhat growing. Even if some new non-contributory periods, as for vocational training, are better taken into account in some countries, their influence will be limited.

So, the risk of not being covered or of not being entitled to a full pension by basic schemes when they are not universal may increase. The recent changes in the parameters of the basic schemes would suppose a strong decrease of unemployment rates.

The reduction of pensions may be also reinforced by the changes in the mode of pay as profit-sharing schemes, "wages savings" or stock-options are not submitted to social contributions. So, all this may increase problems of poverty.

At last, the minimum income guaranteed to the elderly is still very low in several countries, and the poverty of this category may grow up in the future. This may be reinforced for some women by the reduction of survivors' pensions even if the entitlements given by some non-contributory periods as for child raising are sometimes enlarged.

2. Fully funding

Several studies[45] have also shown that pay-as-you-go systems create less inequalities than fully funded systems, and, as the place of the first ones is planned to relatively diminish in the future, we can assume that, globally, inequalities will increase:
-Actually, a part of workers is not covered by collective funding. It is often the case of workers in small and middle companies. The employer may also have the choice of the categories that will be covered. Precarious workers are generally not covered. At last, some data shows that the proportion of supplementary pensions rises with the revenue of the retirees[46].
-More generally, it is evident that the possibility of getting a pension through a fully funded system will be easier for high incomes than for small ones because of their difference of savings capacity.

On their side, fully funded systems reveal quite costly for the State as the tax incentives they receive may be extremely wide (Hughes-Sinfield, Agulnik, etc.). For instance, in the United Kingdom, the cost of pension tax reliefs would be about 40% of the cost of the basic state pension. The actual marginal rate of taxation of pension funds is most often negative (see line 2 of Table 7).

On an other side, the administrative costs of such private pension funds are generally much higher than those of the public schemes (see line 1 of Table 7). Moreover, as there are fixed costs, this particularly disadvantages the small and middle incomes.

Moreover, private plans are extremely risky, as the recent crisis of the Stock-Exchange has shown it. It must be noticed that, in 2002, some big English pension funds have advised to their members to quit them and to subscribe the complementary public schemes. On their side, the Dutch pension fund of the health sector will raise its contribution rate by 70% in two years, and the pension fund of metallurgy has announced that it will also raise its contribution rate and suppress the indexation of pensions on prices. What happens for Enron is also significant!

Moreover, some authors (Artus, Barr) argue that, when numerous workers will retire, they will sell their assets whose value will decline. This is an other element of risk.

Private funds may also give rise to frauds more easily than the public pay-as-you-go schemes unless they are submitted to strict regulation and control. The case of Maxwell is conclusive.

An other question due to the mode of calculations of pension in a fully funded system is linked to the difference of life expectancy between men and women. If, in Sweden where the notional accounts are compulsory, they do not take it into account, debates are still open in Germany, where the Riester funds are voluntary, about this question.

On an other side, some progress has been made in the recent period for facilitating the mobility of workers, as the vesting periods for these pensions have been shortened. Sectorial plans make easier mobility. The replacement of defined benefit plans by defined contribution plans also allows more easily transferability of plans. These evolutions clearly shows the change in the strategy of companies as, in the past, they were rather anxious to stabilize their workers.

[45] See some LIS Working papers.
[46] See G. Tamburi and Y. Chassard, Fonds de pension, Economica 2002, p.161.

At last, due to these privatizations, new public interventions have been necessary to establish a new regulation for trying to prevent some causes of failures, essentially those linked to financial risks. So, direct public interventions have been replaced by more indirect ones, with tax incentives and regulation. There is a change in the type of State interventions rather than a real retrenchment.

D-Some remarks about tensions and reforms

Though lots of measures and reforms have been passed in the recent years, disastrous forecasts are always being made in a large part of the European countries about the future of systems of pensions. They are relying on the financial unsustainability of these systems due to the "impossibility" to raise more taxes or contributions or to increase the public debt, in a context or a growing old-age dependency rate. The importance of pensions may also be judged as excessive in some countries. These are the usual arguments that have been presented for reforming pensions.

It may be interesting to compare, though in a very tentative and questionable way, if such elements can be associated with the "importance" of the modifications of the systems of pensions. There is no much elements to appraise such a problem. Nevertheless, some results may seem strong enough to be interesting. Table 9 presents the elements we use.

TABLE 9: Ranking depending on different criteria

	NL	Be	Ge	Fr	Au	Dk	Sw	Fi	It	Sp	Po	UK	Ir
Current receipts/GDP 2001 (1)	9	6	8	5	3	2	1	4	7	12	11	10	13
Public debt/GDP 2001 (2)	9	2	4	5	3	10	7	11	1	6	8	12	13
Pensions/GDP 1999 (3)	4	7	5	3	2	10	6	9	1	12	11	8	13
Old-age dependency 2000-20 (4)	4	8	2	6	9	5	7	1	3	10	13	11	12
Old-age dependency 2000-50 (4)	9	10	4	8	3	13	12	7	2	1	5	11	6
PAYG pensions/GDP Var. 2000-50: in % (5)	11	7	10	6	3	5	4	9	2	12	8	1	13
Pensions by +65 /GDPper head Var. 2000-50: in % (5)	13	10	9	4*	3	7	7	5	2	12	5	1	11
PAYG pensions in average/GDP per employed person Var. 2000-50: in % (5)	12	6	5	2	6	8	4	11	3	9	13	1	10

(1)See Annex, Table A-2.
(2)See Annex, Table A-2.
(3)See Table 1.
(4)See Annex, Table A-1.
(5)A. Math, Réformes des retraites et revenus des personnes âgées: un aperçu comparatif, communication to the Conference ENRSP-IRES, Paris, 17-18 October 2002.

We use a measurement of each factor in terms of ranking for making eventual associations between elements more clear. The ranking is based on a decreasing ordering of possible tensions for each element (so 1 is for the higher potential tension). The first line measures the importance of current receipts of general government, the second one the importance of the public debt, the third one the ratio of pensions to GDP. The two following lines are the forecasts for the old-age dependency ratio measured in terms of the importance of the absolute variations. The last three lines may be viewed as measurement of the toughness of reforms, as they are based on varied estimates of the variations of pensions in the future.

Naturally, all these elements are quite debatable[47] and would need both to be completed by other factors and to be more precisely estimated. They help raising questions rather than bringing an answer.

Nevertheless, some observations can be made. We may think that, when the number of ranking are of the same order in the five upper lines and in the three lower lines, there is some relative consistency between the intensity of tensions and the intensity of answers that have been chosen. But, in case of opposition of the ranking in the upper lines and in the lower lines, we may think that the reforms have been passed for other reasons, rather institutional, political, or other.

The comparison shows that:
*Among continental countries:
-Austria and France are characterized by relatively strong tensions and strong interventions.
-Belgium and Germany are rather in the average for the two types of factors.
-in the Netherlands, there is some (moderate) discrepancy between relative tensions, which can be considered to be only lightly under the average, and the measures about pensions which are the weakest.
*In the Scandinavian countries, it is difficult to appraise the relative intensity of tensions as, from the budgetary point of view, current receipts are high but public debt is low, and, from the old-age dependency point of view, the evolution is much irregular (average tension until 2020, and the weakest tensions if 2050 is considered). The relative intensity of interventions is in the average.
*Among the Southern countries, Italy has a quite specific position with relatively strong tensions (and the highest level of pensions in percent of GDP) and strong changes for pensions. Spain and Portugal are characterized by weak tensions until 2020 for all the factors, then the old-age dependency ratio increases a lot. The interventions are also weak in Spain, somewhat more clear in Portugal.
*Though the tensions, for all the factors, are among the weakest in the Anglo-saxon countries, the interventions are the strongest in United Kingdom, among the weakest in Ireland.

So, it may be thought that some conclusions may probably be considered as robust enough:
-It appears that the economic or demographic problems are not the only explanation for the reforms of pensions. This is clearly the case of United Kingdom where we may think that questions linked to ideology, politics, institutions, play a large role.

-The existing structure of the system of pensions is no more a determining factor for the future when taken alone. The comparison of the Netherlands and of the United Kingdom, where pension funds are the most important in Europe and dominate the system of pensions,

[47] It would be necessary to refine indicators used for forecasts and to add other indicators, to have a better adaptation of the chosen years to the period where reforms were passed, to take also into account, at least for the first lines of the table, the average over several years instead of one year, to consider other types of factors, etc. It would be also necessary to take into account other benefits as there may be substitution or complementarity between pension and these other benefits.

shows that, though the intensity of tensions may be judged comparable enough, the chosen changes are quite opposite: the highest in the United Kingdom, the lowest in the Netherlands. Again, the context must be considered under all its dimensions, political, economic, social, ideological, institutional, for understanding why reforms follow so different ways.

-Even in countries with similarities of their structures of pension systems and similarities of tensions, as the United Kingdom and Ireland, the intensity of interventions is quite opposite.

-It is also clear that, as Math has remarked, there is no link between the intensity of the imposed modifications of pensions and the process of reform: either parametrical and fragmented, either "big" with lots of measures passed in a short period and with more structural changes.

In conclusion, the question of pensions cannot be reduced to a purely technical question. It must be embedded in a general context, taken with all its dimensions and including institutions and actors, for understanding why and how the problem is treated in a specific way in each country and why it has so different effects though, as seen above, common trends are well present in the reforms of pensions. The question of path-dependency is present here. The problem of substituability, complementarity between different kinds of policies must also be taken into account (André 2002).

ANNEX

TABLE A-1: Long-term projections
(Projections based on legislation in force in 2000)

	NL	Be	Ge	Fr	Au	Dk	Sw	Fi
Old-age dependency ratio (1)								
-2000	20.0	25.5	23.8	24.4	22.9	22.2	26.9	22.1
-2020	29.5	32.7	33.5	32.6	30.0	30.5	34.5	35.5
-2050	41.0	45.0	49.0	46.0	54.0	36.0	42.0	44.0
-% of increase 2000-50	103.0	76.0	101.0	89.0	133.0	65.0	58.0	98.0
[Young+elderly] in % of toatl population (2)								
-2000	32.1	34.3	32.1	34.8	32.1	33.3	35.9	32.7
-2020	35.3	36.2	35.4	37.1	34.5	35.7	37.4	37.7
-2050	40.1	41.6	41.5	42.1	43.4	38.2	40.2	42.0
Public expenditures in % of GDP (3)								
-2000	7.9	10.0	11.8	12.1	14.5	10.5	9.0	11.3
-2020	11.1	11.4	12.6	15.0	16.0	13.8	10.7	12.9
-2050	13.6	13.3	16.9	15.8	17.0	13.3	10.7	15.9
-% of increase 2000-50	72.2	33.0	43.2	30.6	17.2	26.7	18.9	40.7

	It	Sp	Po	Gr	UK	Ir	Lux	EU 15
Old-age dependency ratio (1)								
-2000	26.6	24.5	22.6	25.5	23.8	16.8	21.5	24.2
-2020	36.7	30.6	27.5	32.9	29.2	22.1	28.2	32.2
-2050	61.0	60.0	46.0	54.0	42.0	40.0	38.0	49.0
-% of increase 2000-50	131.0	146.0	104.0	110.0	76.0	139.0	76.0	100.0
[Young+elderly] in % of total population (2)								
-2000	32.3	31.7	32.0	32.4	34.6	34.2	25.0	33.1
-2020	35.9	33.7	35.5	35.2	35.2	34.1	40.0	35.6
-2050	45.5	45.3	42.2	43.1	40.4	41.7	50.0	42.2
Public expenditures in % of GDP (3)								
-2000	13.8	9.4	9.8	12.6	5.5	4.6	7.4	10.4
-2020	14.8	9.9	13.1	15.4	4.9	6.7	8.2	11.5
-2050	14.1	17.3	13.2	24.8	4.4	9.0	9.3	13.3
-% of increase 2000-50	2.2	84.0	34.7	96.8	-20.0	95.7	25.7	27.9

(1) [Population over 65]/[Population aged 15-64]. Source: Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, Brussels, COM(2002), Annex.
(2) [(Population aged less than 15)+ (Population over 65)]/Total population (Calculation from data of Budgetary challenges posed by ageing populations, Economic Policy Committee, 24/10/2001.)
(3) Public pension expenditures to people aged 55 or over, before taxes. Source: Budgetary challenges posed by ageing populations, Economic Policy Committee, 24/10/2001.

TABLE A-2: Public finance

	NL	Be	Ge	Fr	Au	Dk	Sw	Fi
Current receipts of public government in % of GDP 2001 (1)	42.1	46.9	43.0	47.4	50.1	53.6	57.0	49.2
Public debt in % of GDP in 2001 (2)	52.8	107.6	59.5	57.3	63.2	44.7	56.6	43.4

	It	Sp	Po	Gr	UK	Ir	Lux	EU 15
Current receipts of public government in % of GDP 2001 (1)	44.2	37.4	37.8	41.7	39.0	31.7	44.7	43.5
Public debt in % of GDP in 2001 (2)	109.9	57.1	55.5	107.0	39.1	36.4	5.6	62.8

(1) Source: OECD.
(2) Source: Communication from the Commission to the Council, the European Parliament, The European Economic and Social Committee and the Committee of the Regions, Brussels, COM(2002), Annex.

TABLE A-3: Demography

	NL	Be	Ge	Fr	Au	Dk	Sw	Fi	It	Sp	Po	Gr	UK	Ir	LU	EU
Fertility rate 2000	1.7	1.5	1.4	1.7	1.3	1.8	1.5	1.7	1.2	1.2	1.5	1.3	1.7	1.9	1.7	1.5
Male life expectancy 2000	75.5	75.3	74.7	74.8	75.0	75.2	77.3	73.9	75.5	74.9	72.0	75.9	75.2	74.0	74.4	75.0
Female life expectancy 2000	80.9	81.4	80.8	82.8	81.2	79.6	82.0	81.1	82.0	82.1	79.2	81.0	80.0	79.4	80.8	81.3
Migration %pop 2000	0.21	0.10	0.36	0.08	0.12	0.20	0.17	0.11	0.09	0.08	0.12	0.21	0.15	0.46	0.71	0.17

Source: Budgetary challenges posed by ageing populations, Economic Policy Committee, 24/10/2001.

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