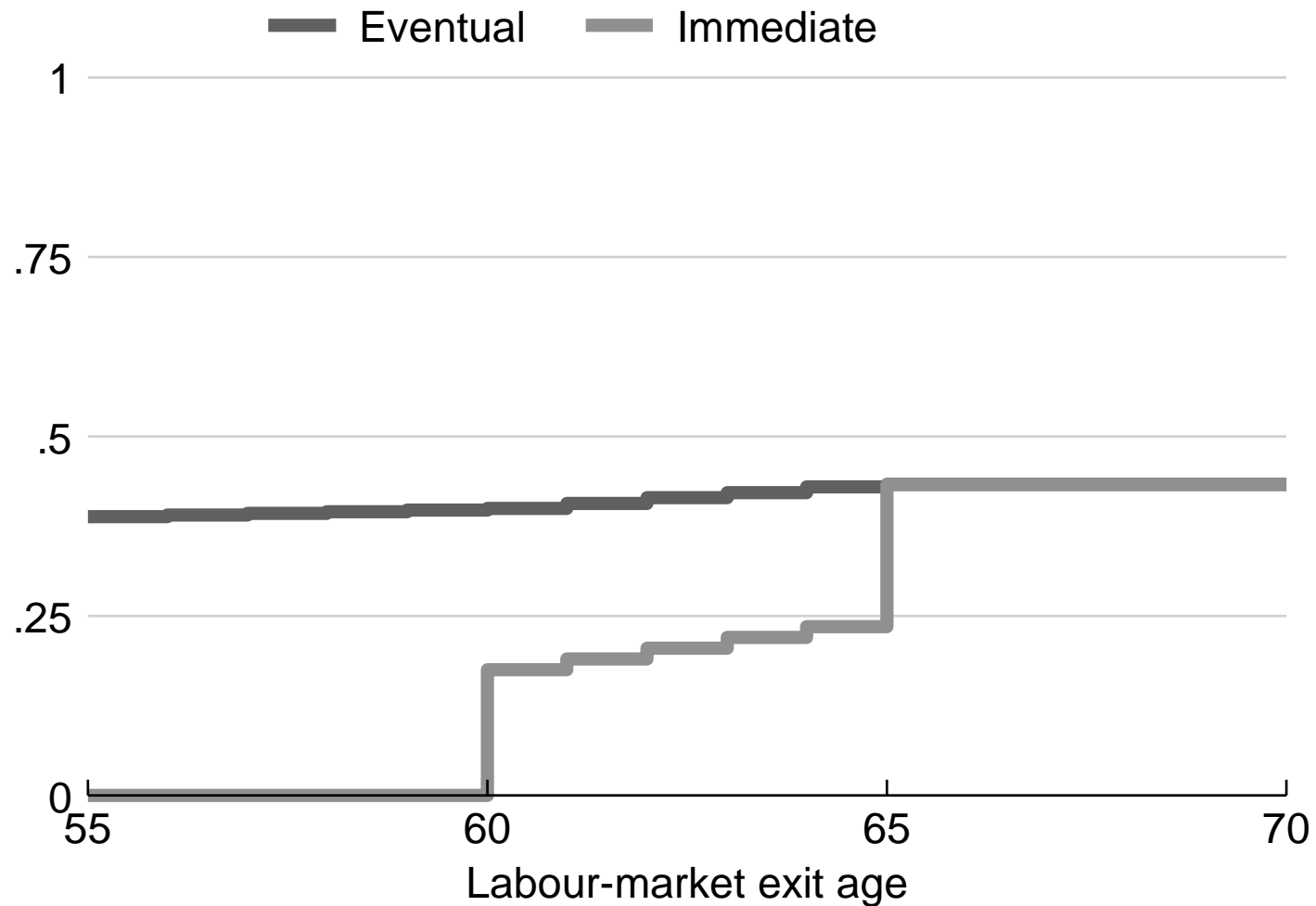


Economic efficiency

**Minimising the pension system's
distortions of individual choices**

Retirement incentives: simple approach, Canada

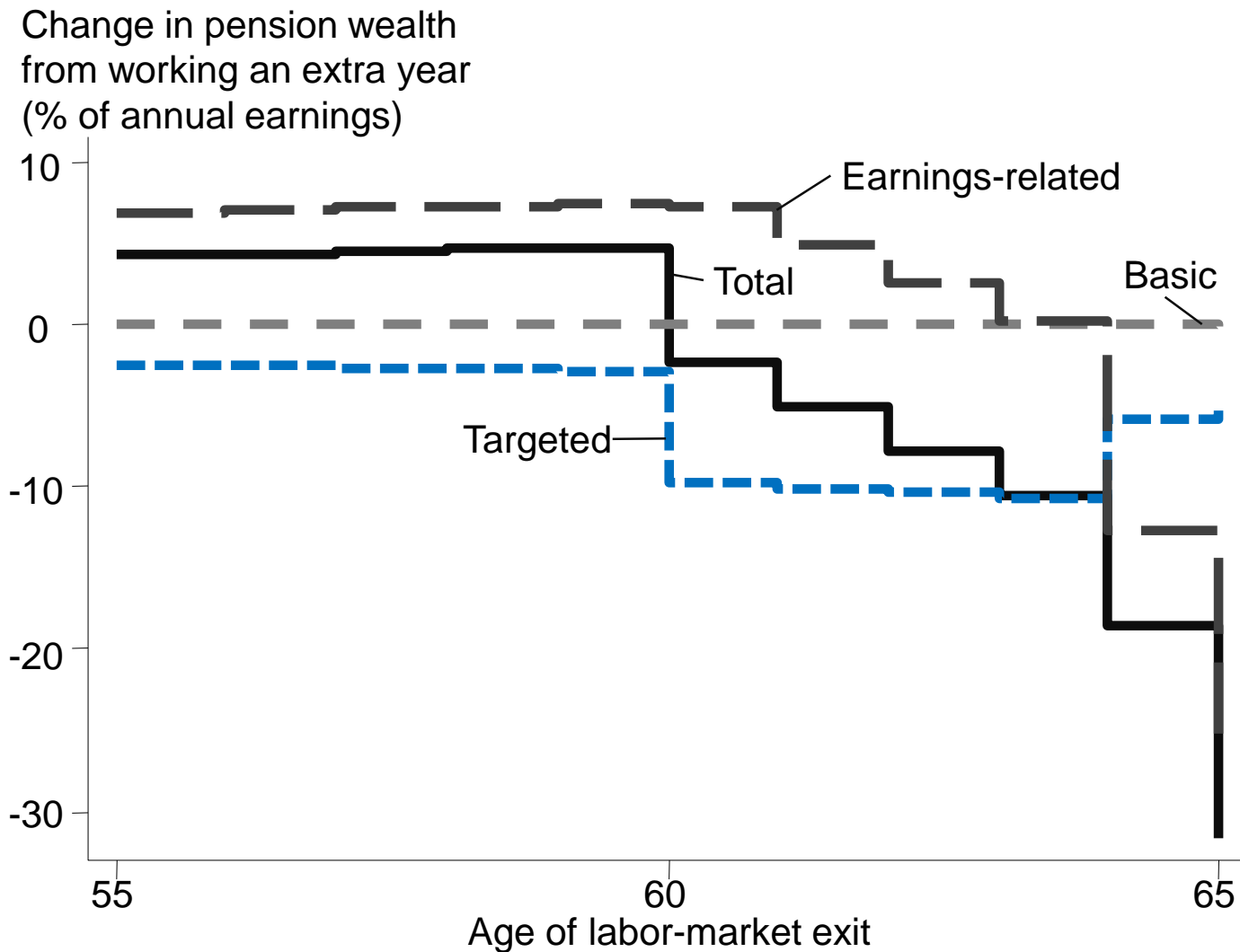


Retirement incentives: measurement

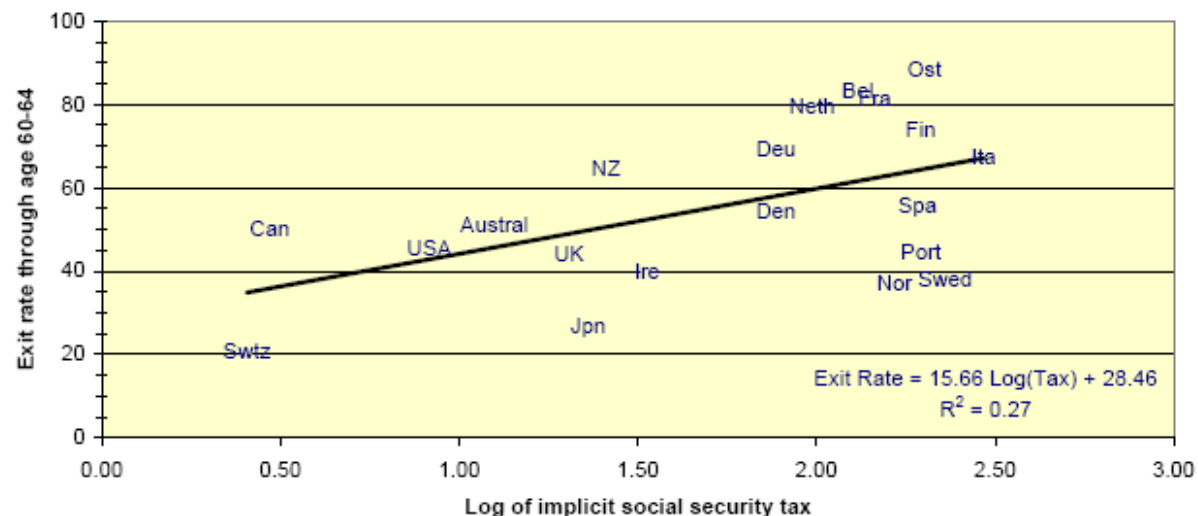
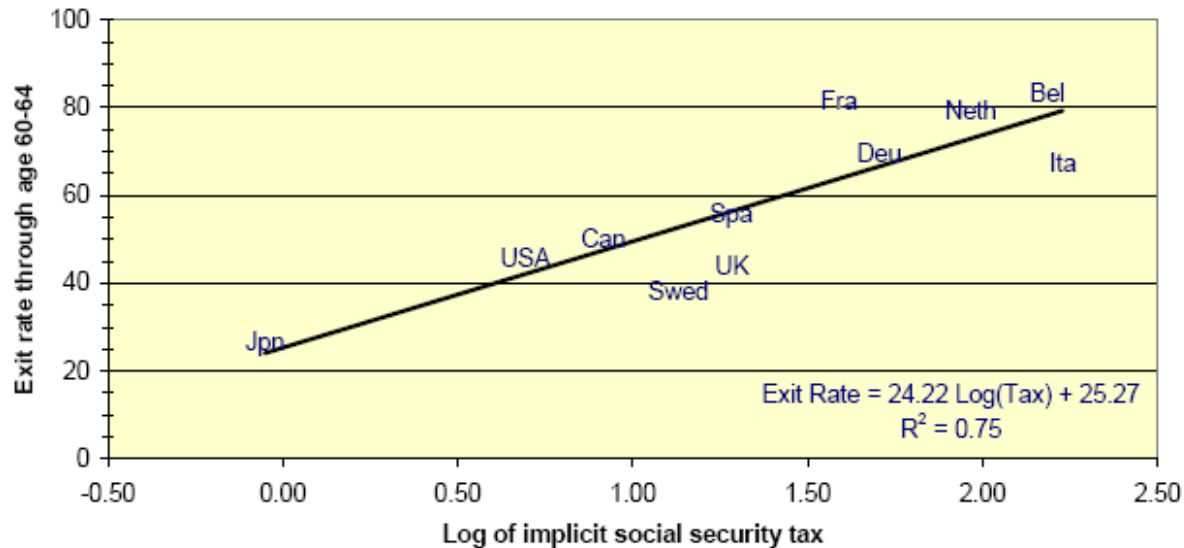
	<i>Defined benefit</i>	<i>Defined contribution</i>	<i>Points</i>	<i>Notional accounts</i>
Longer working period	<p>Extra year's entitlement</p> <p>Extra year towards qualifying conditions</p>	<p>Extra year's contributions</p> <p>—</p>	<p>Extra year's entitlement</p> <p>Extra year towards qualifying conditions</p>	<p>Extra year's entitlement</p> <p>Extra year towards qualifying conditions</p>
	<p>Valorisation of earlier years' earnings</p>	<p>Investment returns on accumulated balance</p>	<p>Uprating of pension-point value</p>	<p>Notional interest on accumulated notional capital</p>
	<p>Higher earnings replace earlier, perhaps lower, earnings in benefit formula</p>	<p>—</p>	<p>Higher earnings replace earlier, perhaps lower, earnings in benefit formula</p>	<p>—</p>
Shorter retirement duration	<p>Forgo a year's benefits</p> <p>"Actuarial" adjustment</p>	<p>Forgo a year's benefits</p> <p>Lower annuity factor</p>	<p>Forgo a year's benefits</p> <p>"Actuarial" adjustment</p>	<p>Forgo a year's benefits</p> <p>Lower annuity factor</p>
Delay in claiming	<p>Probability of dying</p> <p>Discounting</p>	<p>Probability of dying</p> <p>Discounting</p>	<p>Probability of dying</p> <p>Discounting</p>	<p>Probability of dying</p> <p>Discounting</p>



Retirement incentives: complete picture, Canada



Retirement incentives matter: Effect on behaviour



Advising the government

**Assessing six countries'
pension systems using key
performance indicators**

Advising the government



Advising the government



The six countries



The six countries

France



Greece



Ireland



Italy



Japan



Mexico



Indicators handout

- Coverage
- Architecture of national pension provision
- System design: social pensions
- System design: income-replacement pensions
- Replacement rates
- Old-age poverty
- Incomes of older people
- Long-term financial projections
- Retirement incentives and behaviour
- Contributions