



# GOING BEYOND EQUALITY TO EQUITY – WHAT CAN BE LEARNED FROM THE OECD AND BEYOND?

Arab Pension & Social Insurance Conference 2022



## What is happening in the OECD

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- Coverage is high for employees – around 90%
- Self-employed are also increasing
- Public sector was normally covered first
- Retirement ages are increasing
- Sustainability measures are becoming more common
- Redistribution is effective
- Career breaks are compensated
- Female employment rates are increasing



## But this was not always the case

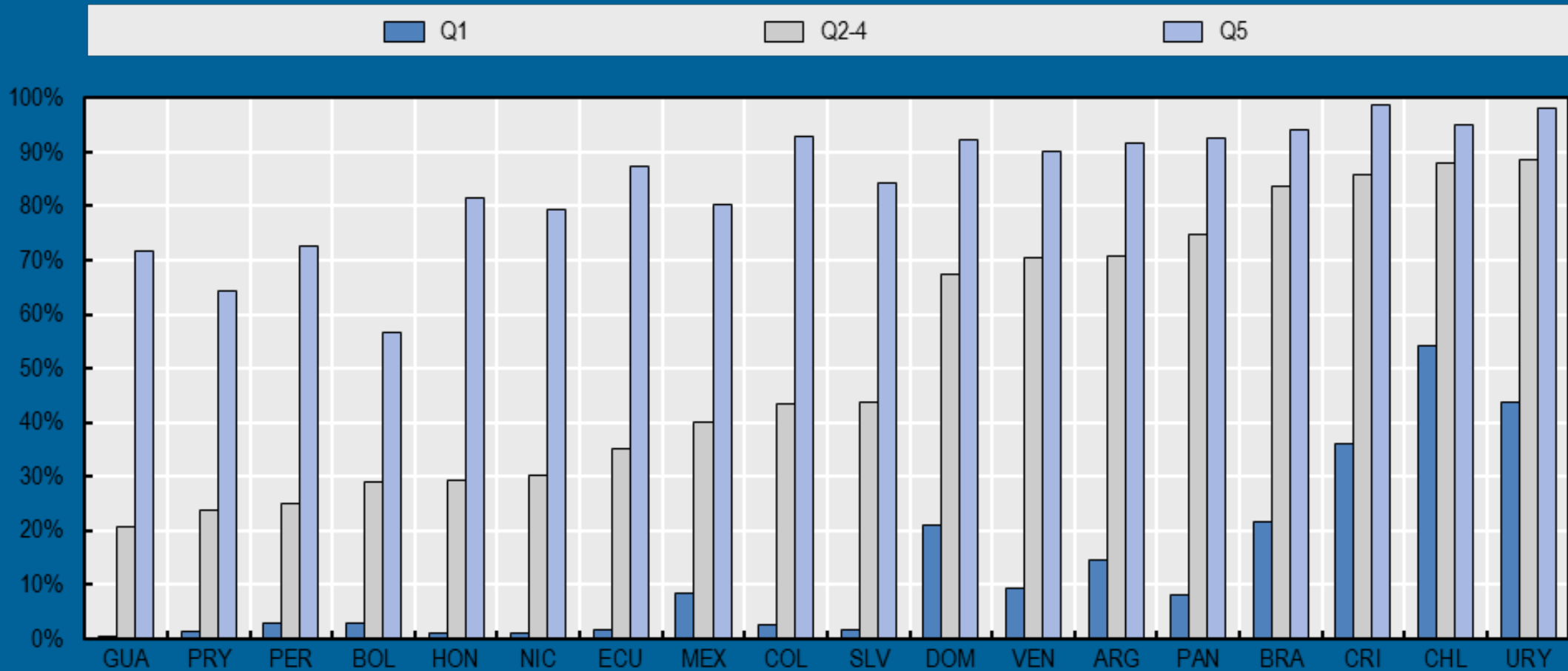
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- Many systems started with minimum payment levels at the end of the 19<sup>th</sup> century.
- Public sector workers normally covered first, and often with more generous systems than private sector workers.
- Self-employed joined much later.



# Other regions have similar issues

## Coverage in Latin American and Caribbean countries by income quintile



Source: Pensions at a Glance Latin American and the Caribbean, 2014



## What can be done?

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- Pensions could be universal, flat-rate, tax-financed for all residents.
- Higher earners could supplement pensions of those with lower incomes through a ceiling to benefit levels.
- Governments could offer subsidies to encourage participation.
- Safety-net benefits will still be needed.



## Increasing coverage is harder

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- Three approaches
  - Push: require participation from more individuals – reduce company size or thresholds
  - Incentives: flexible contributions or flexible access to benefits, tax incentives, matching contributions
  - Behavioural change: Financial education, transparency



## Key messages

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- Social pensions are critical.
- Better to have the same system for all.
- Redistribution plays an important role.
- All workers need to be included irrespective of residency/nationality.
- Government assistance is likely to be needed at the beginning.
- Current retirees cannot be ignored.



# THANK- YOU

<http://oe.cd/pag>

**Pensions at a Glance 2021**

OECD and G20 INDICATORS

**Pension Reviews:**

**Ireland (2014)**

**Mexico (2016)**

**Latvia (2018)**

**Portugal (2019)**

**Peru (2019)**

**Czech Republic (2020)**

**Slovenia (2022)**

**Korea (2022)**

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