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中国 - 欧盟社会保障合作项目

The Impact of Ageing on Social Insurance

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Ageing in China

- 2000 – 2005
 - Increase in population 6.2%
 - Increase in 65+ 26.2%
 - Increase in 80+ 57.7%
- Proportion of population aged 60+
 - 2000 1 in 10
 - 2005 1 in 8
 - 2015 1 in 7
 - 2020 1 in 6
 - 2025 1 in 5
 - 2048 1 in 3

Ageing across Europe: Population 65+ as % of 15-64



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	2004	2050
Spain	24	66
Italy	29	62
Greece	27	61
Germany	27	52
France	25	47
UK	24	45
Sweden	26	42
EU15	26	52



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EU projections of public pensions spending, 2004-50 (% GDP)

	2004	2050	Change
UK	6.6	8.6	+2.0
Sweden	10.6	11.2	+0.6
Spain	8.6	15.7	+7.1
Germany	11.4	13.1	+1.7
France	12.8	14.8	+2.0
Italy	14.2	14.7	+0.4
EU15	10.6	12.9	+2.3

UK pension provision



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- 1st pillar contribution-based Basic flat rate state retirement pension or
- Non-contributory basic flat rate pension for 80+ plus
- State Second Pension (earnings-related, but due to be converted to flat rate) but able to “contract out” through 2nd or 3rd Pillar schemes
- 2nd pillar Employer-sponsored occupational pension scheme (defined benefit or defined contribution)
- 3rd pillar Personal pension scheme provided through insurance company +
- Means-tested pension credit

Pension credit

- Means tested paid for from tax revenue
- Provides higher retirement income for lowest income retired
- Problems
 - As it increases at higher rate than state pension more retired people come within scope
 - Disincentive to save for low earners because of no net benefit
 - Increased income – 100% marginal tax rate
- Savings credit to reduce impact of saving

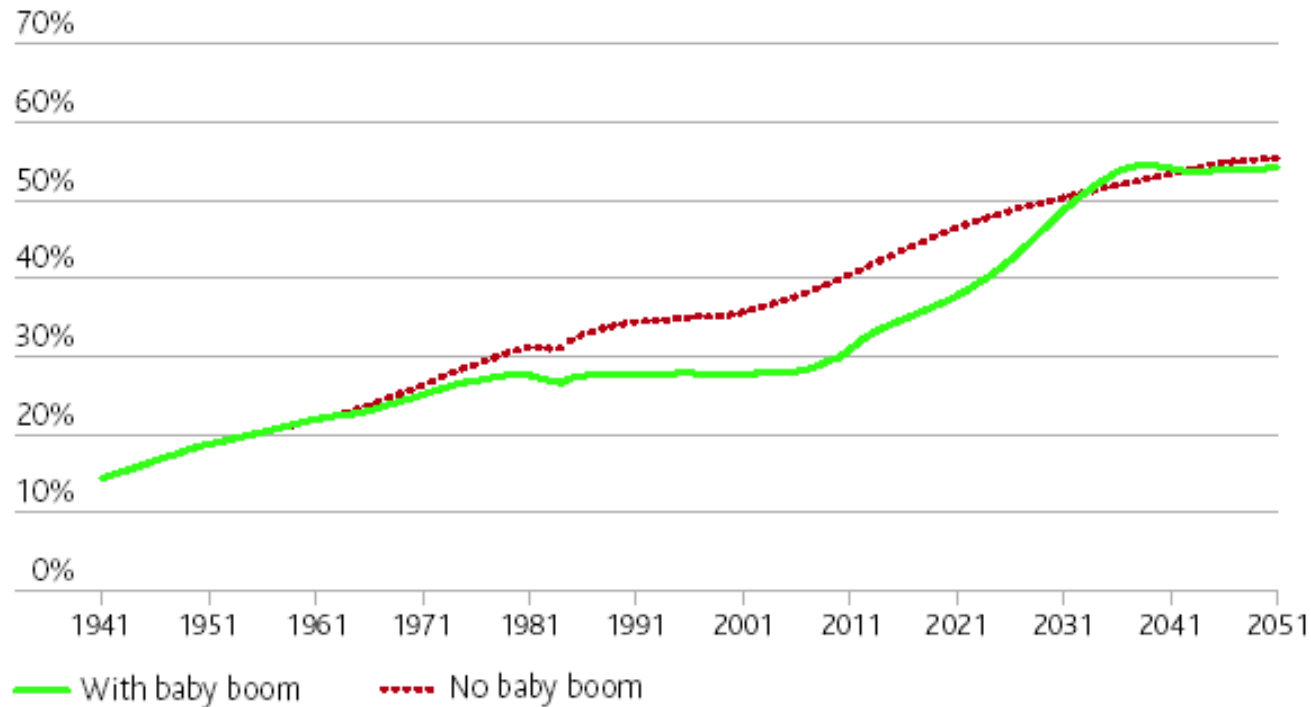
Drivers of demographic change



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- Longevity increase: healthy or unhealthy?
If healthy, can individuals work longer?
- Fertility decline: changes relative sizes of generations without increasing ability to work longer?

Past fertility declines: the 'baby boom' and old-age dependency ratio



Impact of ageing population and greater dependency

- Faced with an ageing population, in any country there must be some combination of:
 - Poorer pensioners relative to rest of population
 - Greater savings for retirement
 - Later pension age
 - Later retirement age
 - Higher social insurance contributions
 - Higher taxes devoted to pensions
 - Continued large scale immigration

Policies and incentives to encourage longer working lives



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- Removing barriers to continued employment – implementing EU Directive on non-discrimination on grounds of age, eg on training, recruitment, fixed retirement age
- Raising age at which pensions come into payment
 - Raising state pension age
 - Amending tax regime for 2nd & 3rd pillar schemes
- Increasing increments for delayed to claim to state pension
- Encouraging and enabling workers to continue in employment – including part-time employment with part pensions
- Persuading unemployed and incapacity claimants to return to work



UK Pensions Commission's objectives

- **Ensure** that all people are kept out of poverty in retirement
- **Encourage** people to achieve at least a base load of earnings-related pension provision
- **Enable** all people to save for a pension at low cost

Note

- This is neither poverty relief/avoidance by itself,
- This is not the state *providing* income replacement for all earners.

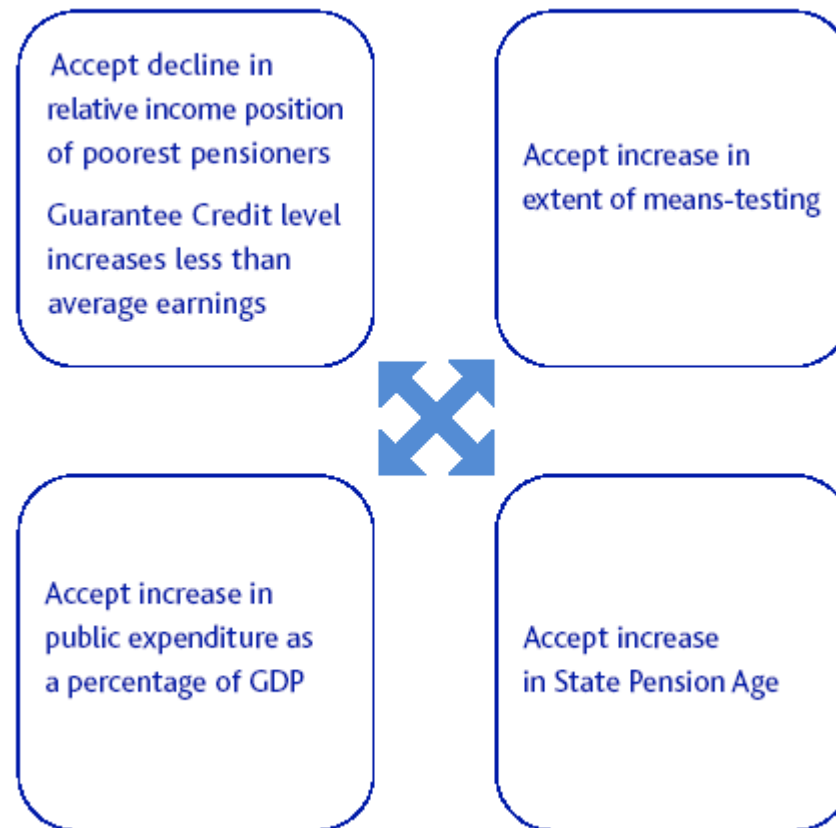


UK situation

- Facing challenge of an ageing population is something common to UK and China
- The UK is among the less generous, but more complex, social insurance systems in Europe, supplemented by relatively generous social assistance
- About 50% of all earners are covered by occupational pension systems (funded in private sector), but their value is reducing, and many with low to middle earnings are not covered
- It was previously assumed that after equalisation of men's and women's State Pension Age that age would remain unchanged, and that the state system would become less generous over time, and individuals would rely more on means-testing
- The UK faced less of a fiscal sustainability problem than other EU countries, but much more adequacy and savings disincentive problems



Which to choose



Pensions Commission's Recommendation



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- Less means-tested, more universal, flat-rate state pension, but facing reality of need for pension ages to rise with life expectancy
- Low cost system of funded personal accounts National Pension Savings Scheme. Employees *automatically enrolled* into this or good quality existing employer schemes. But right to opt out (“soft compulsion”) and to make additional contributions.
- Facilitate later/ more flexible retirement

Pensions Commission's Proposals

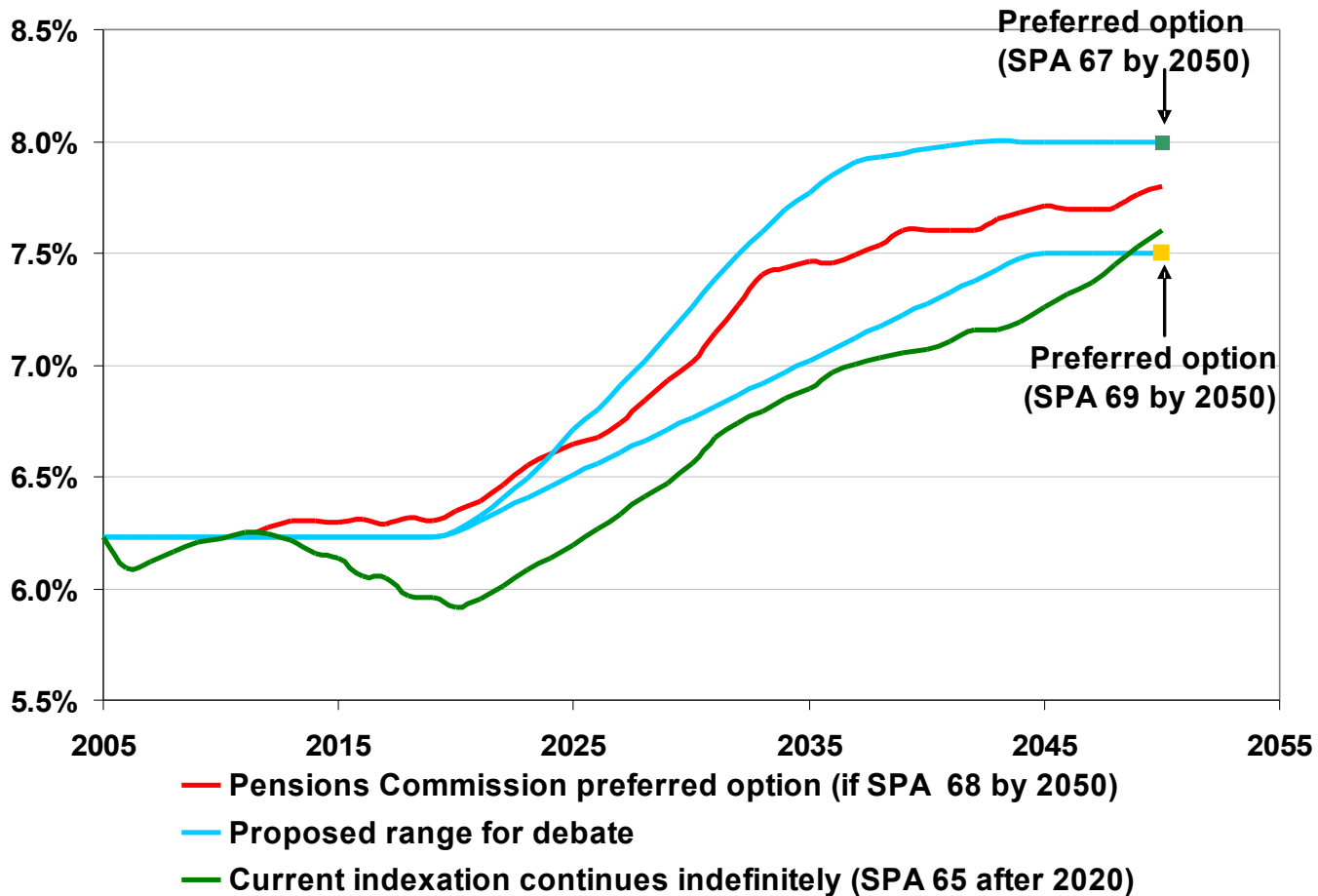


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- Accelerate evolution of the current two-tier state system to return to an essentially flat-rate system
- But increase value of main element of state pension over time in line with average *earnings* (at present, it only increases with prices)
- Limit spread of means-testing, so that savings are clearly worthwhile for most people
- Trade-off between State Pension Age and long-term level of public spending depending on how fast state pension age rises from 65 after 2020

Cost of Commission's option with different pension ages (% of GDP)



Proposals for National Pension Savings Scheme



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- Minimum default contributions set at about 8% of earnings between subject to upper limit
 - 4% from employee's net pay
 - 1% from tax relief
 - 3% compulsory employer matching contribution
- Additional contributions allowed up to twice this amount for median earner
- Funds invested on individual's instructions, generally in funds bulk-bought at low cost, including default and low-risk gilt funds.



Risk-sharing in the proposed system

- The State (future taxpayers) takes both longevity risk and funding risk for Pay as You Go state pension
- Individuals take pre-retirement longevity and investment risk on personal accounts and occupational Defined Contribution schemes
- Insurers providing annuities take post-retirement longevity and investment risks
- Companies take longevity risk and investment risk with surviving Defined Benefit pensions (but workers face some risk if company defaults, partly mitigated by state-organised “pension protection fund” and “pensions regulator”)

Adjusting to an ageing population



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- As past fertility decline is one cause, cannot keep systems in balance simply by increasing retirement ages in proportion to longevity – so need also for higher spending
- The recommendation to make explicit increase in State Pension Age a signal for need for longer working lives
- UK government has set definitive ages up to 68 in 2046 – with risks given large uncertainties in future longevity
- 3rd pillar systems achieve adjustment to changing longevity automatically, but less transparently
- Given large differences in life expectancy by social class in UK, equity issues arise. This needs active policies to support longer working and reduce health inequalities from younger ages

The debate

Does it continue?



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- Idea of increased state pension ages after 2024 accepted – but does consensus and lack of controversy mean that public memory of this will fade?
- UK system will still involve significant means-testing – will it be safe to automatically enrol people?
- Will funded provision fall back to the minimum default level – which generates relatively low replacement rates?
- While reforms are put in place, funded occupational pension provision is declining. Can the gap be filled?
- Will it be possible to persuade people that it is safe to save following events that have eroded public trust in pensions?
- Is UK experience relevant to China?



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- Thank you
- Questions and comments?