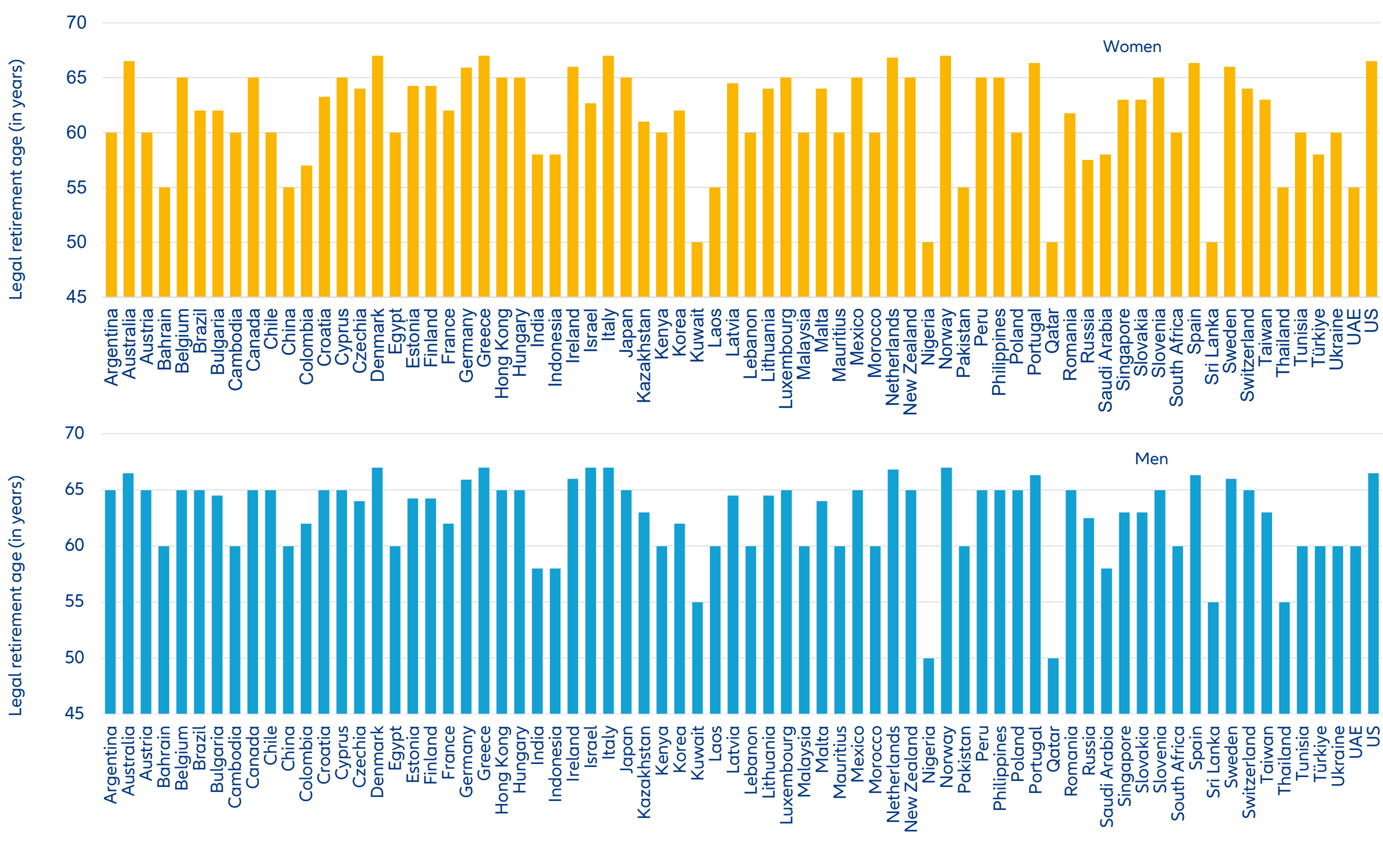
However, increasing minimum contribution periods is a double-edged sword, especially in emerging markets. Given the dominance of informal labor, many workers are not able to fulfil the minimum contribution period requirements, leaving them with lump-sum payments at retirement that are not sufficient to guarantee a decent living standard in old age. At the same time, in industrialized countries working careers are deferred by longer education periods or high youth unemployment, for example in Spain or Italy, which could also make it difficult to fulfil these requirements in the future. In the worst case, these workers will have to depend on minimum pensions and pension supplements tax-financed out of state budgets. The same holds true for an increasing share of the population with broken work histories or jobs in the so-called gig economy. New technologies, especially automation and digitalization, could spur this development further.

However, the linchpin for the long-term stabilization of pension systems remains the adjustment of the retirement age to the development of future life expectancy. In the countries we looked at, the statutory retirement age in the private sector is between 67 for both sexes in Denmark, Greece, Norway and Italy, and 50 years in Qatar and Nigeria. In 23 countries, the retirement age of women was still lower than that of men, despite the fact that women have a higher life expectancy. In 33 countries, the retirement age is set to rise until 2050, but it is questionable if the planned increases will compensate for the expected increases in life expectancy. The retirement age is already being automatically adjusted to the development of life expectancy in only eight countries. The example of Portugal shows that this could – under exceptional circumstances – also lead to lowering of the retirement age. An exception is Türkiye, where the minimum retirement age of 58 for women and 60 for men was recently abolished in favor of a necessary minimum contribution period of 20 and 25 years, respectively (see Figure 9).

Figure 9: Marked differences in retirement ages



Sources: National social security administrations, ministries of social affairs, EU Commission, OECD and Axco.