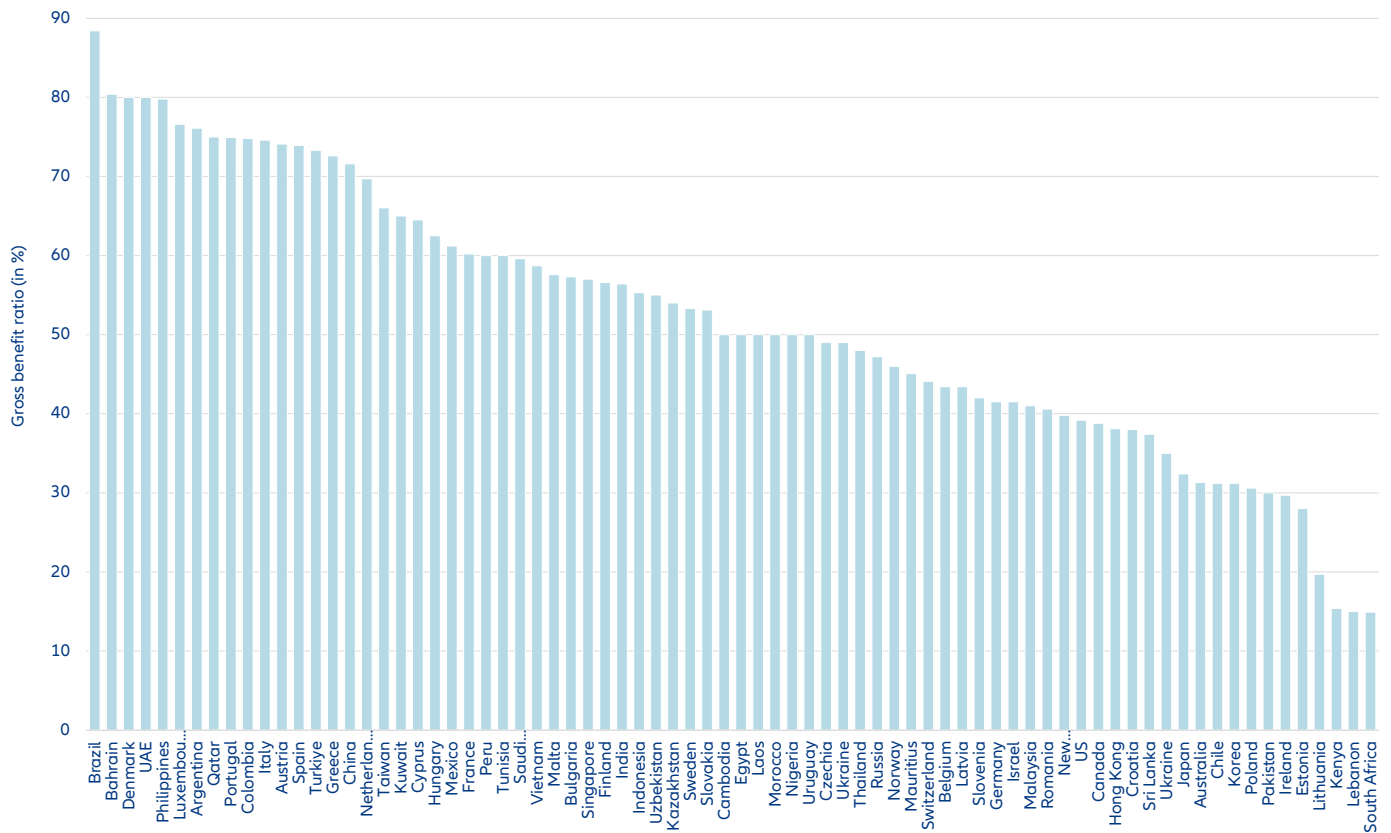


Figure 10: Marked differences in the generosity of pension systems

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

However, the picture looks different when the coverage of pension systems is taken into account. In India, for example, only 43% of the population in retirement age is covered by the pension system; in the working age population, it is less than a third. The situation in Colombia is similar, with around 40% of the population covered by the pension system. Efforts to increase coverage in emerging markets are often hampered by the high share of informal labor in sectors dominated by small companies that are not covered by the social insurance system or where wages are often even

below the contribution assessment limit. As a result, at the time of entering retirement, many of these workers have not collected the necessary number of contribution years that are required to receive a lifelong pension and receive instead – in the best case – a lump-sum payment that does not provide a decent living standard in old age. In contrast, the coverage in most industrialized countries is 100% or close to it (see Figure 11).