

Combining all three sub-indices, the overall results range from 2.2 in Denmark to 4.7 in Sri Lanka. The unweighted average score for all 75 countries is 3.6. Despite high-profile reform measures, not least in France, this overall score has only slightly improved in recent years: Pension reforms remain a tight race against demographic change. Looking at the sub-indices, adequacy (3.4) scores best, followed by sustainability (3.7) and basic conditions (4.0). These findings suggest most pension systems lay greater emphasis on the well-being of the current generation of pensioners than on that of future generations of tax and contribution payers.

What would an “ideal” pension system look like? Our analysis shows that a more sustainable and adequate pension system is within reach – if a strong capital-funded pillar is in place. However, in many countries, pension reforms have to start with labor-market reforms: Without increasing the share of people in the formal labor market in emerging economies and fostering the integration of older workers in the labor market in industrialized economies, even well-intended pension reforms will yield only meagre results.