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Études et Dossiers

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The New Welfare: The Counter-Ageing Society

**“Lengthening of Life-cycle, Employment,
Pensions and Health”**

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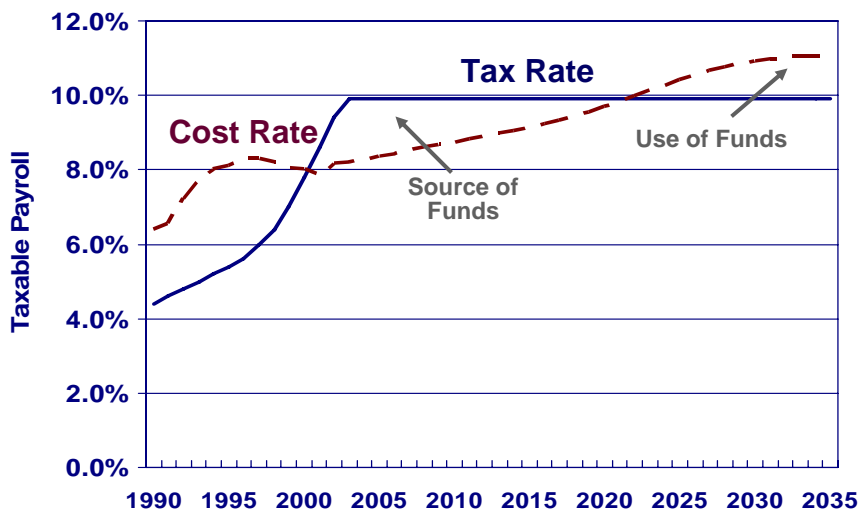
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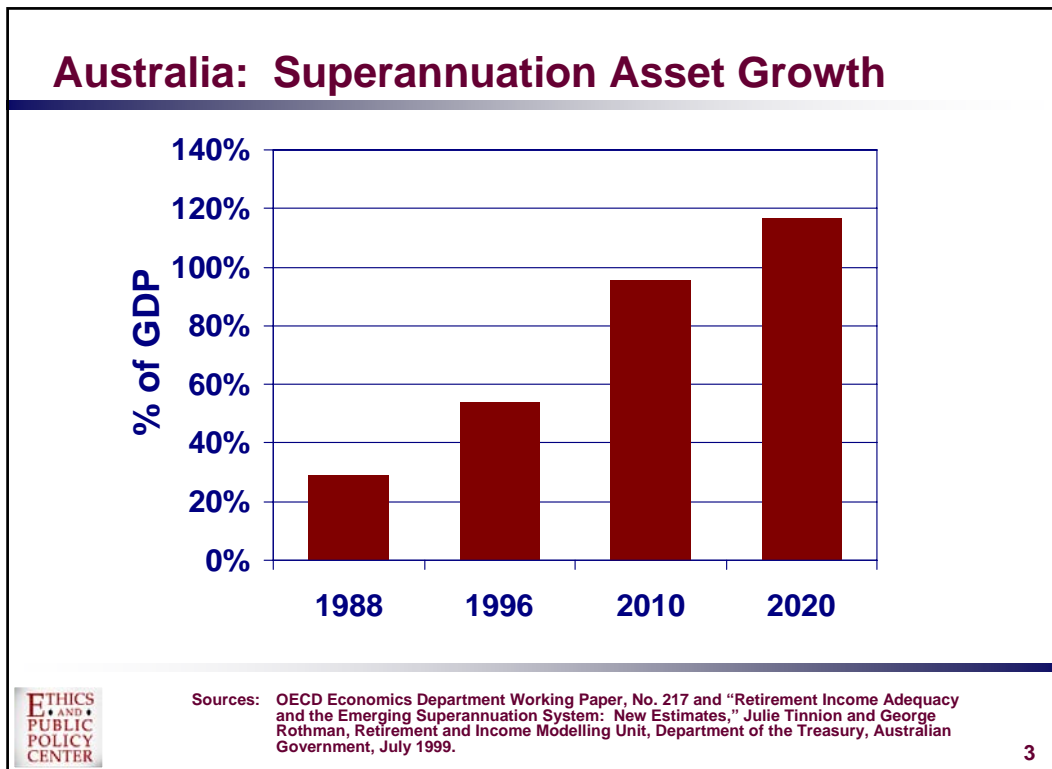
Layout & Distribution: Valéria Kozakova

The Political Economy of State-Based Pension Reforms

James C. Capretta

Canada: Government Investment Fund





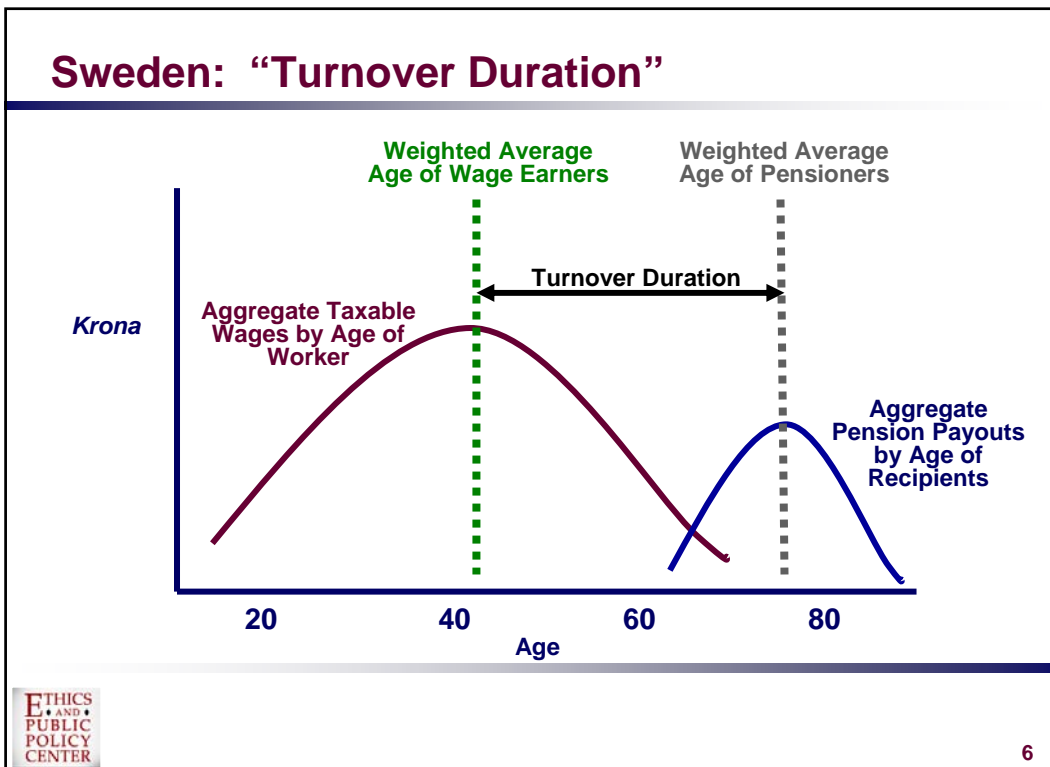
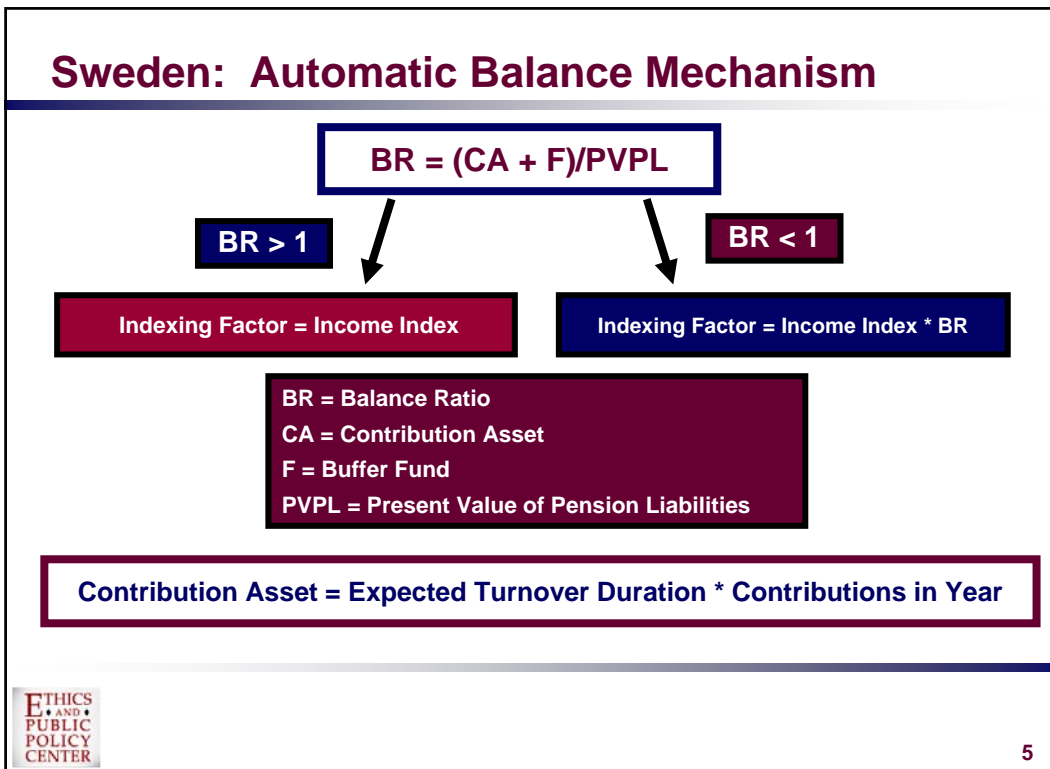
Sweden: Annuity Divisor

Cohort Birth Year	Year Reaches 65	Annuity Divisor	Effect on Pension
1930	1995	14.8	-0%
1940	2005	15.8	-5%
1950	2015	16.4	-10%
1960	2025	17.0	-13%
1970	2035	17.5	-15%
1980	2045	17.9	-17%
1990	2055	18.1	-18%

Source: [The Swedish Pension System Annual Report, 2005](#)

ETHICS AND PUBLIC POLICY CENTER

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Germany: The Sustainability Factor

Individual Pension

$$B = PV * EP * AA$$

Old Formula

$$PV_t = PV_{t-1} * AGW_{t-1} / AGW_{t-2}$$

The Sustainability Factor

$$PV_t = PV_{t-1} * AGW_{t-1} / AGW_{t-2} * [(1 - (DR_{t-1} / DR_{t-2})) * (AF) + 1]$$

B = Individual Pension Benefit

PV = Universal Pension Value

EP = Individual Earnings Points

AA = Actuarial Adjustment

AGW = Avg. Gross Wages

DR = Dependency Ratio

AF = Alpha Factor

Japan: Replacement Rates and Age

