Pension reform: it’s urgent

Mass protests in France over raising the retirement age underline the difficulties of reconceptualizing pension systems.



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In 1950, the average worker in the U.K. had made social security contributions for roughly 5 years for every year of pension being claimed in retirement. By 2004, that contribution was down to 2.4 years. In Luxembourg, the average worker is contributing 1.5 years for each year of pension claimed. This means people are living longer retirements — it also means there

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aren’t enough years of contributions being paid into the system to keep it solvent.

In Western economies, the pension problem has been looming for many years, driven by increased life expectancy and falling birth rates. Now, as the cohort born in the ’50s and ’60s starts to retire, urgent adjustments are necessary. What can be done to fix the pension system?

IESE professor Javier Diaz-Gimenez delivered an IESEconomics session livestreamed on IESE’s LinkedIn channel. In the video below, he gives an overview of the situation in countries such as France, Spain and Sweden, outlines potential fixes, and responds to questions from the audience.

Don’t miss the next IESEconomics livestream, on May 23, 2023, with IESE professor Nuria Mas. Follow us on LinkedIn here.



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