OECD Pensions Outlook

OECD Pensions Outlook 2020

Chapter 1. Retirement savings in the time of COVID-19

This chapter examines the different policies put in place by OECD and non-OECD countries in the area of pensions to address the impact of COVID-19 and the associated economic lockdowns on retirement savings arrangements. It distils a series of messages to policy makers and regulators stemming from the experiences of OECD and non-OECD countries responses to COVID-19.

Chapter 2. A framework for assessing the adequacy of retirement income

This chapter introduces a framework for assessing the adequacy of retirement income. That framework involves having clear adequacy objectives, calculating adequacy indicators, comparing those indicators to clear targets, and assessing overall adequacy with reference to policy goals. The chapter proposes tangible actions for policy makers to apply this framework.

Chapter 3. Increasing the role of retirement saving plans for workers in non-standard forms of work

This chapter discusses policy options to increase the role of retirement savings plans for workers in non-standard forms of work, based on the experience of OECD and non-OECD countries. It first describes the characteristics of workers in non-standard forms of work and the implications on their ability and capacity to save for retirement. It then identifies gaps in their retirement income protection given the current balance between public and private provisions. The chapter ends with policy options, distinguishing different categories of workers in non-standard forms of work, to encourage them to join and regularly contribute to retirement savings plans.

Chapter 4. Selecting default investment strategies

This chapter provides a framework to assist policy makers and regulators in selecting default investment strategies for DC retirement savings arrangements. It describes the use of a stochastic model to assess different investment strategies for the default option, addressing the trade-off between maximising retirement income (upside potential) and limiting the risk of low retirement income (downside risk).

Chapter 5. Switching investments in defined contribution retirement savings arrangements

This chapter provides options to policy makers to address the potential negative consequences of frequent switching of investment strategies within DC retirement savings arrangements. It discusses the drivers and impacts of frequent switching. It also provides an overview of how jurisdictions are approaching this problem and the measures that they have taken to limit the negative impact of switching.

Chapter 6. Sustainable risk sharing in retirement income arrangements

This chapter explores the different ways that retirement income arrangements can distribute risks among participants and providers, and the implications that design and regulatory features have on who bears those risks and the level of retirement income they can provide. It first discusses the benefits of collective risk sharing in terms of individual risk mitigation and what this means in terms of fairness for participants. It then looks at how valuation and funding requirements can help to ensure the continuity of the arrangement. It also presents the different approaches to secure any guarantees that the arrangement offers and looks at what drives their effectiveness. It concludes with a discussion on how the regulatory framework can support the objectives of fairness, continuity and security to promote sustainable risk sharing in retirement income arrangements.

Chapter 7. Communicating on retirement savings investment strategies to facilitate comparing options

This chapter aims at providing policy makers and pension plan providers with guidance on how to communicate about investment strategies to help members compare their options. It offers an overview of the practices in place in OECD countries when communicating about different investment strategies. It discusses the merits of different approaches and proposes policy recommendations to ensure members can effectively use the information received to compare their investment options and choose an investment strategy that is appropriate for them given their preferences and personal circumstances.