

How phased retirement affects defined benefits

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The aging of the societies increasingly raises concerns about economic growth and shortages of workers in the traditional age groups. In the future, people may need to work longer. In many countries, implementing phased retirement mechanisms in private pension plans is encouraged. However, this solution, particularly in defined benefit plans, raises actuarial questions and issues as to how to determine benefits to be paid to the participants. Taking all existing forms of retirement (early, normal, and postponed) into account, we present an actuarial model which determines benefits to be paid in phased retirement and in full retirement.