RETIREMENT POLICY—AN INTERNATIONAL PERSPECTIVE

DENIS LATULIPPE

ABSTRACT

Through a review of legislative and policy provisions, this paper highlights national differences in retirement policy and identifies alternative retirement policy strategies. The countries studied are France, Germany, Japan, Sweden, the Netherlands, the United Kingdom, and the U.S. In addition to the traditional tools of retirement policy—normal, deferred and early retirement—other areas of policy with a potential impact on retirement are studied. Data on retirement experience also are presented and discussed.

INTRODUCTION

In recent decades, the conditions under which retirement benefits become payable—normal, deferred and early retirement—have been modified to allow more flexibility in retirement. Complementary policies also have been implemented to prevent the withdrawal of older workers from the labor market and even to promote their reemployment. Partial retirement, labor market policy and legal protection against dismissal and discrimination are policy tools designed to achieve these objectives.

The purpose of this paper is to study legislative and policy provisions to highlight national differences and to identify alternative retirement policy strategies. The identification of alternative strategies is an interesting corollary to the study of retirement policy, since it throws light on the objectives underlying policy development and allows a comparative analysis of the policies implemented. It also opens interesting avenues for further research: activity rates that give an insight into the retirement experience of older workers during recent decades are therefore presented. The focus is on seven countries: the five largest economies—the U.S., Japan, Germany, France, and the United Kingdom—and the two countries devoting the highest share of their GDP to social security—Sweden and the Netherlands [20].

The different areas of policy are studied sequentially. We begin by reviewing normal-, deferred- and early-retirement provisions and then continue with other areas of policy with a potential impact on retirement.
Tables presenting the situation in the different countries are provided when appropriate, and in each section, the discussion is centered on the countries where the area of policy under study is particularly meaningful. The emphasis is on public provisions, but private pension issues are addressed when relevant. Retirement policy strategies are discussed in the conclusion, following a brief review of retirement experience.

NORMAL RETIREMENT AGE

Twenty-two of the 24 countries of the Organization for Economic Co-operation and Development (OECD) had passed old-age benefit legislation by 1950. While in most countries the normal retirement age (NRA)—defined as the entitlement age for old-age benefits—remained the same between 1950 and 1990, there was a small reduction in average NRA, from 65.7 in 1950 to 64.4 in 1990. Seven of the 22 countries reduced their NRA during this period. Detailed data are shown in Table 1.

Four countries had an entitlement age of 60 or less in 1990. However, Japan is the only country that opted for an entitlement age this low before 1950. On the other hand, the three countries that had a NRA of 70 in 1950 have reduced it since then.

There was no significant change in the standard deviation in entitlement age between 1950 and 1990: it was 2.14 in 1950 versus 2.19 forty years later. In other words, there was a gradual reduction in the average entitlement age, but this trend was not coupled with either a convergence or a divergence in entitlement age [18].

Of the 7 countries studied in this paper, 2 reduced their NRA between 1950 and 1980: the United Kingdom and Sweden. In 1980, 6 countries out of 7 had an NRA of 65 for men. In Japan, it was 60 for men and 55 for women. The NRA for women also was lower in the United Kingdom.

More recently, in 1983, the NRA was reduced in France. During the same year, the U.S. opted for a gradual rise in the NRA. A trend towards an increase in the NRA also can be noted in Japan, where there is a long tradition of early retirement from the main occupation. The situation in these three countries is reviewed briefly.

1In order to calculate the average NRA, the same weight was given to each country regardless of population.
2The British NRA for women is 60.
3In Germany, the provisions allowing an early retirement with an unreduced pension for people with a sufficient number of years of participation will be abolished over a few years.
## TABLE 1

**CHANGE OVER TIME IN THE ENTITLEMENT AGE FOR OLD-AGE BENEFITS FOR MEN IN THE OECD COUNTRIES THAT ENACTED OLD-AGE BENEFIT LEGISLATION BEFORE 1950* [7] [8] [18]**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>70 (1889)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>New Zealand</td>
<td>65 (1898)</td>
<td>65</td>
<td>65</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Austria</td>
<td>65 (1906)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Australia</td>
<td>65 (1908)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Ireland</td>
<td>70 (1908)</td>
<td>70</td>
<td>70</td>
<td>66</td>
<td>66</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>70 (1908)</td>
<td>70</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Iceland</td>
<td>67 (1909)</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>France</td>
<td>65 (1910)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>60</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>68 (1911)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Netherlands</td>
<td>70 (1913)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Sweden</td>
<td>67 (1913)</td>
<td>67</td>
<td>67</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Italy</td>
<td>65 (1919)</td>
<td>65</td>
<td>65</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Spain</td>
<td>65 (1919)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Denmark</td>
<td>65 (1922)</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Belgium</td>
<td>65 (1924)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65†</td>
</tr>
<tr>
<td>Portugal</td>
<td>65 (1933)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Greece</td>
<td>65 (1934)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>United States</td>
<td>65 (1935)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Norway</td>
<td>70 (1936)</td>
<td>70</td>
<td>70</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Finland</td>
<td>65 (1937)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Japan</td>
<td>60 (1941)</td>
<td>60</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Switzerland</td>
<td>65 (1946)</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Mean</td>
<td>66.2</td>
<td>65.7</td>
<td>65.3</td>
<td>64.6</td>
<td>64.4</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>2.47</td>
<td>2.14</td>
<td>2.24</td>
<td>1.97</td>
<td>2.19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Entitlement Age</th>
<th>Number of Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>1</td>
</tr>
<tr>
<td>65</td>
<td>13</td>
</tr>
<tr>
<td>66–68</td>
<td>3</td>
</tr>
<tr>
<td>70</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
</tr>
</tbody>
</table>

*Only two countries, Canada and Turkey, enacted their initial legislation after 1950. The Canadian legislation passed in 1951 set the entitlement age at 70. It was subsequently dropped to 65. The Turkish legislation of 1964 allowed retirement at age 55 or even earlier for people who had accumulated a certain number of insured years. Conditions have since been tightened: entitlement age is 60 for men who enrolled after 1989.

†Normal retirement age is flexible from age 60 to 65: full benefit is based on 45 years of coverage for men.

The French NRA is now 60. Unemployment provided adequate grounds for the five-year reduction in the NRA in 1983. The possibility of retiring as early as 55, or even 50 under some of the separate schemes,

*It also is regarded as the result of a long-standing aspiration of the labor movement.
and the different early-retirement measures implemented from the mid-1960s on have also been determinant. By 1980, the majority of the new pensions awarded under the general social security system—régime général—were claimed before the age of 65, and 84 percent were paid without any reduction for early retirement [31].

In 1987, the committee that produced the reference document for the “États généraux” (Estates general) on social security expressed concern over the financial imbalances of some schemes and mentioned that retirement pensions should not be used for regulating cyclical fluctuations in the labor market. It recommended a gradual rise in the qualifying age for full-rate pensions. A government white paper published in 1991 proposes instead to leave the normal retirement age at 60, but to lengthen the contribution period for a full pension from 37.5 years to 41 or 42 years. This would contribute to reduced expenditures and possibly increased income, while making the system more equitable for the different classes of workers [13].

In the U.S., the 1983 amendments to the Social Security Act were motivated by financial considerations. A gradual increase of the NRA was among the measures enacted at that time. The NRA is currently 65. It will be raised to 66 by 2009 and to 67 by 2027. It will still be possible to retire at 62, but the actuarial reduction factor will be increased.

To support their recommendations for these changes, a majority of the members of the National Commission on Social Security Reform stated that:

- Americans are living longer.
- Older workers will be in greater demand in future years.
- The disability benefits program can be improved to provide cash benefits and Medicare to those between 62 and the NRA who, for reasons of health, are unable to continue working.
- Because the ratio of workers to beneficiaries is projected to decline after the turn of the century, younger generations are expected to pay significantly increased taxes to support the system in the 21st century. An increase in the NRA will lessen the increase.

5 Considering the number of years required to qualify for a full pension, the replacement of the previous early-retirement measures (garanties de ressources) by a lower NRA results in a reduction of the pension payable to some retirees, especially women and persons who suffered long-term unemployment.

6 For a person retiring at 62, the reduction is now 20 percent. It will be 25 percent in 2009 and 30 percent in 2027.
• Given sufficient notice, coming generations of beneficiaries can adjust to a later retirement age just as earlier generations adjusted to age 65 [2].

The Commission members selected by the Democratic leadership of the U.S. Congress did not endorse without reservation the 1983 amendments:

The cut would be concentrated on those unable to work up to the newly set higher age and on those unable to find jobs. It would cut protection for those now young, the very group being asked to pay in more and for a longer period of time. [2]

The Japanese practice of an early mandatory retirement age (teinen) can be explained by seniority wages and the willingness of older workers to remain in the labor force [27]. It is consistent with the traditional nondiscriminatory approach characterizing Japanese industrial relations. The statistics in Table 2 show that it is a practice enforced more strictly in large companies.

TABLE 2

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Proportion of Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000 and more</td>
<td>100.0%</td>
</tr>
<tr>
<td>1,000–4,999</td>
<td>99.7</td>
</tr>
<tr>
<td>300–999</td>
<td>99.1</td>
</tr>
<tr>
<td>100–299</td>
<td>97.2</td>
</tr>
<tr>
<td>30–99</td>
<td>85.6</td>
</tr>
<tr>
<td>Overall</td>
<td>89.2</td>
</tr>
</tbody>
</table>

In the decades following World War II, the Japanese mandatory retirement age was normally 55. As shown in Table 3, it has since increased. Nowadays, it is expected that people will retire at age 60 (earlier for women) and look for alternative employment [25]. The pension reform implemented in 1986 reflects this tradition. For the Employees Pension Insurance (second tier), the NRA is now 60 for men and 57 for women. The retirement age for women has been raised from 55—prior
to the 1986 legislation—and will reach 60 by the year 2000.\textsuperscript{7} The National Pension (first tier) is payable without reduction from the age of 65.\textsuperscript{8}

TABLE 3

\begin{tabular}{|c|c|c|c|c|c|}
\hline
\textbf{Age} & \textbf{Year} & \textbf{54 or lower} & \textbf{55} & \textbf{56-59} & \textbf{60} & \textbf{61-64} & \textbf{65} \\
\hline
1972 & 0.7\% & 57.9\% & 18.3\% & 21.7\% & 0.3\% & 1.1\% \\
1978 & 0.1 & 41.3 & 19.4 & 33.7 & 0.4 & 4.4 \\
1982 & 0.5 & 35.5 & 18.2 & 43.0 & 0.8 & 2.0 \\
1986 & 0.1 & 26.7 & 16.6 & 52.5 & 2.3 & 1.8 \\
1987 & 0.3 & 23.0 & 18.0 & 53.9 & 2.3 & 2.5 \\
\hline
\end{tabular}

\textbf{DEFERRED RETIREMENT}

Since April 1983 when the NRA was reduced, French workers have had to stop working to draw a public pension. Moreover, in the years that followed this legislative amendment, a "solidarity" tax equal to 10 percent of earnings has had to be paid to the unemployment insurance fund when a pensioner found a new job. The burden of the tax was shared equally by employees and employers. However, this tax was abolished recently.

Twenty years before the proclamation of the 1983 legislation, in a period when the unemployment rate was lower, a committee appointed to study the problems of old age had called for a variety of measures to enable older workers to continue working:

If retirement is commonly regarded as the right to rest, it is no less true that elderly people who feel the need, or even only the desire to do so, must be guaranteed the right to work.

The committee was concerned not only with the psychological needs of the elderly but also with the importance of raising pensions to a more adequate level [31].

\textsuperscript{7}As part of the 1989 actuarial review and subsequent legislation, the government proposed to raise the retirement age to 65 for both sexes by 2010. This provision of the bill was deleted prior to its passage [5].

\textsuperscript{8}The Employees' Pension Insurance pays a bridging benefit until age 65.
As shown in Table 4, other national schemes do not require cessation of employment but reduce pensions if the retiree has other sources of income. This is the case in Japan and the U.S. In the U.S., the earnings test applies only to people under 70 years of age, whereas in Japan it is more liberal for people aged 65 and over.

In the United Kingdom, the earnings test and employment conditions were modified in 1989. It is now possible for people above the NRA to cumulate earnings and pensions.

A majority of countries increase public pensions when there is deferment. The Netherlands and France are two exceptions. The Dutch do not postpone pensions. A pension is paid at the NRA even if there is deferred retirement. In France, the only incentive for deferment is a credit of extra years for people who defer retirement for at least 5 years and who have not accumulated full credits.

In the U.S., amendments to the Social Security Act and to the legislations regulating private pension plans were adopted during the 1980s to limit the scope of potential impediments to work after the NRA. Under the 1983 amendments to the Social Security Act, it was decided to opt for a gradual increase of the delayed-retirement increment and to weaken the earnings test applied to people under 70 years of age. Legislative amendments also were enacted to define minimum standards for private pension plans: benefits credited upon deferred retirement generally may not be less than those computed as if the employees’ actual retirement date were their normal retirement date [32]. In other words, pensions do not have to be increased by reason of a shorter benefit period, but service beyond the NRA and changes in the compensation base should be recognized.  

**EARLY RETIREMENT**

So far, in many countries, providing benefits to people approaching retirement age has been preferred to keeping them in the labor force.

Unlike the Japanese, who have implemented this strategy by means of an early mandatory retirement age, Westerners have relied primarily
TABLE 4
SUMMARY OF THE PRINCIPAL FORMS OF DEFERRED RETIREMENT [7], [8], [12]

<table>
<thead>
<tr>
<th>Country/NRA</th>
<th>Maximum Age</th>
<th>Pension Upgrading</th>
<th>Accumulation with Earnings</th>
<th>Employment Conditions (From the NRA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>N/A</td>
<td>From 65, credits for extra years, up to 37.5 years</td>
<td>Normally forbidden</td>
<td>Must stop working to draw a pension</td>
</tr>
<tr>
<td>Germany</td>
<td>67</td>
<td>0.6% for each month after 65</td>
<td>Accumulation possible</td>
<td>Not necessary to stop working to receive the normal pension</td>
</tr>
<tr>
<td>Japan</td>
<td>m-60, w-57</td>
<td>Upgrading at an increasing rate</td>
<td>Percentage of reduction varies with age and the level of earnings</td>
<td>Notion of mandatory retirement age</td>
</tr>
<tr>
<td>Netherlands</td>
<td>N/A</td>
<td>No provision for deferment</td>
<td>Accumulation possible, but supplementary benefits will be reduced 1</td>
<td>Paid regardless of whether retirement occurs</td>
</tr>
<tr>
<td>Sweden</td>
<td>70</td>
<td>0.6% for each month of deferment</td>
<td>Accumulation possible, but supplementary benefits will be reduced 4</td>
<td>Not necessary to stop working to receive the normal pension</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>m-65, w-60</td>
<td>Approximately 7.5% for each year of deferment (flat-rate and earnings-related benefits)</td>
<td>Accumulation possible, since 1989</td>
<td>Not necessary to stop working to receive the normal pension (law amended in 1989)</td>
</tr>
<tr>
<td>United States</td>
<td>70</td>
<td>Rising from 3% per year in 1990 to 8% per year in 2008</td>
<td>Before NRA, reduction of $1 for each $2 of earnings above the ceiling. Between NRA and 70, the reduction is of $1 for $3, and the ceiling is higher. After 70, no reduction.</td>
<td>Not necessary to stop working to receive the normal pension</td>
</tr>
</tbody>
</table>

1A provision allowing for retirement with an unreduced pension at 63 for men (after 35 years of participation) and 60 for women (10 years of contribution in the last 20 years) will be phased out in the coming years.
2Employees Pension Insurance retirement age. The base retirement age for women will be raised to 60 by the year 2000.
3Supplementary benefit for dependents, based on the level of earnings of the partner if younger than 65.
4A person drawing a pension and earning an income has his housing allowance and supplement for a dependent wife reduced.
5The retirement age will be increased to 66 by 2009 and to 67 by 2027.
6Before 1990, the rate of reduction was $1 for $2 between NRA and 70.
on different types of early-retirement benefits: extended unemployment benefits, disability benefits and general early-retirement benefits.

The three types of early-retirement benefits are studied successively. Table 5 provides a summary of the principal forms of subsidized early retirement in the six western countries studied.

**Extended Unemployment Benefits**

Many European countries have extended the period during which unemployment benefits are payable to older workers. Benefits may now be payable up to the NRA and allow a permanent withdrawal from the labor force. This is the case in four of the five European countries considered here: France, Germany, Sweden, and the Netherlands.

In Germany, a person aged 60 who has been unemployed for at least 1 year in the last 18 months and employed for 8 years in the last 10 years, is entitled to a full old-age pension. The situation is similar in Sweden. When an unemployed Swede has exhausted his or her unemployment benefits, which are payable for a longer period for people aged 55 and over, an old-age pension may be paid if the person has then reached the age of 60.

During 1986, 11 percent of new German retirees had left their employment under arrangements providing for unemployment compensation. Enterprises may supplement the unemployment benefits payable up to age 60. In Sweden, the unemployment route has not yet been taken by a large number of retirees.

Unemployed Dutch aged 57.5 years and over are provided with benefits up to the NRA. In the 1980s, retirement by the unemployment compensation route was relatively popular in the Netherlands. In 1987, a new unemployment insurance law was enacted; it aims at reinforcing the link between unemployment duration and age. Nevertheless, benefits payable to older workers will now be reduced after 5 years of payment.

In France, up to 1983, these measures proved to be a massive way of regulating withdrawal from the labor force. However, in the other countries mentioned above, retirement by way of unemployment benefits is not as popular as retirement by disability.

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10 Unemployment benefits may be paid up to age 60 for people aged at least 57.
<table>
<thead>
<tr>
<th>Country and NRA</th>
<th>Regulator</th>
<th>Entitlement</th>
<th>Minimum Age</th>
<th>Benefit</th>
<th>Financing</th>
<th>Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (FRG) 65</td>
<td>I Government</td>
<td>Unemployed for at least 1 year in the last 18 months and employed 8 years in the last 10 years Persons with work incapacity, labor market situation considered</td>
<td>60</td>
<td>Full old-age pension</td>
<td>Government but can partly recoup from firm if made unemployed at 59 and firm not in difficulty Public pension scheme</td>
<td>Moderate, 40,000 persons per year</td>
</tr>
<tr>
<td></td>
<td>II Government</td>
<td>Persons with work incapacity, labor market situation considered</td>
<td>None</td>
<td>Work incapacity pension, roughly equivalent to old-age pension</td>
<td>Very extensive, main form of retirement for blue-collar workers, usually from 55</td>
<td></td>
</tr>
<tr>
<td>Netherlands 65</td>
<td>I Government</td>
<td>15% medical disability and poor labor chances</td>
<td>None</td>
<td>Up to 70% reference earnings</td>
<td>Public disability insurance</td>
<td>Extensive, over 1/2 of 60–65 and 1/3 of 55–59 in receipt of pensions</td>
</tr>
<tr>
<td></td>
<td>II Employer/employees</td>
<td>Normally at least 10 years service required Persons becoming unemployed</td>
<td>60–61</td>
<td>80–85% of last income</td>
<td>Various, normally deducted from negotiated wage increase Unemployment insurance</td>
<td>Moderately extensive, 20,000 beneficiaries = 4% people 60–64</td>
</tr>
<tr>
<td></td>
<td>III Government</td>
<td>Persons becoming unemployed</td>
<td>57.5</td>
<td>70% of reference earnings^1</td>
<td>Moderately extensive, 50,000 beneficiaries (1985)^3</td>
<td></td>
</tr>
<tr>
<td>Country and NRA</td>
<td>Regulator</td>
<td>Entitlement</td>
<td>Minimum Age</td>
<td>Benefit</td>
<td>Financing</td>
<td>Extent</td>
</tr>
<tr>
<td>----------------</td>
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<td>--------</td>
</tr>
<tr>
<td>Sweden 65</td>
<td>I Government</td>
<td>Persons with work incapacity, labor market situation considered</td>
<td>None</td>
<td>Full old-age pension</td>
<td>Public pension scheme</td>
<td>Extensive, over 1/4 of insured population aged 50–65; 10% 50–59 in receipt of pension</td>
</tr>
<tr>
<td></td>
<td>II Government</td>
<td>Persons unemployed at least 1.75 years</td>
<td>60</td>
<td>Full old-age pension</td>
<td>Public pension scheme</td>
<td>Moderate, 4% of insured people 60–65 in receipt of pension</td>
</tr>
<tr>
<td>United Kingdom m-65, w-60</td>
<td>I Government</td>
<td>All, subject to replacement condition</td>
<td>m.63, w.59, disabled m.60 Usually over 55</td>
<td>Flat, dependent on family situation</td>
<td>State (considered employment policy)</td>
<td>10% of eligible persons, 50,000 beneficiaries at end of 1985 Mainly for large enterprises</td>
</tr>
<tr>
<td></td>
<td>II Employer/employees</td>
<td>Various</td>
<td></td>
<td>Early retirement pension, lump sum</td>
<td>Occupational pension plans, enterprise</td>
<td></td>
</tr>
<tr>
<td>United States 65³</td>
<td>I Government</td>
<td>Persons with incapacity</td>
<td>None</td>
<td>Old-age pension based on past earnings</td>
<td>Disability pension fund</td>
<td>Moderate, 6% insured 55–59, 10% insured aged 60–64 Mainly for large enterprises</td>
</tr>
<tr>
<td></td>
<td>II Employer/employees</td>
<td>Various</td>
<td>Usually over 55</td>
<td>Early retirement pension, lump sum</td>
<td>Occupational pension plans, enterprise</td>
<td></td>
</tr>
</tbody>
</table>

¹The temporary scheme introduced in 1984 and allowing early retirement from age 58 with a possible reimbursement from the state was discontinued on December 31, 1988 and replaced by a partial retirement scheme.
²A provision allowing for retirement with an unreduced pension at 63 for men (after 35 years of participation) and 60 for women (10 years of contribution in the last 20 years) will be phased out in the coming years.
³A new unemployment scheme was introduced on January 1, 1987. The replacement rate was lowered from 75% to 70%. The benefits are reduced after a period that does not exceed 5 years.
⁴According to a report of the Government Actuary (1987), just over 40% of people working in the private sector are members of occupational schemes. This percentage reaches 78% when only establishments hiring at least one thousand people are considered.
⁵The retirement age will be increased to 66 by 2009 and to 67 by 2027.
Disability Benefits

Eligibility for disability benefits is based on the capacity to pursue gainful employment. This condition can be addressed from two different perspectives. On the one hand, it can refer to a presumed occupation—the abstract approach. In this case, the evaluation is made without considering whether a job vacancy exists or whether the applicant would be hired if he or she applied for work. On the other hand, the test may be whether a job that corresponds to the applicant's abilities is in fact offered to the applicant. This concrete approach may ultimately lead to a situation in which a high proportion of unemployed people with minimal incapacities are eligible for disability pensions. Many countries of the European continent are committed to the concrete approach, whereas the U.S. and the United Kingdom have opted for the abstract one.

In Germany, the adoption of the concrete approach followed a High Court decision. In 1984, 48 percent of the people who became eligible for a retirement pension at the NRA had received disability insurance. During that year, the entitlement conditions were tightened to limit the granting of benefits to people with a real attachment to the labor market: at least 3 years of covered employment in the last 5 years. In 1987, the proportion of new old-age pension beneficiaries who had taken the disability route decreased to 30 percent [10], [28].

Eligibility also is linked to the labor market in Sweden and the Netherlands. In both countries, a large number of people near the NRA are receiving disability benefits.

In countries such as the U.S. and the United Kingdom, where there is no explicit reference to the labor market situation, a correlation between the incidence of disability and the unemployment rate can nevertheless be expected [37]. Beneficiaries and physicians may be influenced by employment conditions.

Early-Retirement Benefits

Besides unemployment and disability benefits, general early-retirement benefits may be provided. In this regard, it is important to distinguish between actuarially reduced benefits and benefits provided without any reduction.

Benefits of the latter type are sometimes provided to workers who have been in covered employment for a large number of years. For instance, in Germany, a provision allows for retirement with an unreduced pension
at age 63 for men (after 35 years of participation) and at age 60 for women (10 years of contribution in the last 20 years). However, a law that became effective in 1992 will gradually abolish this provision; the German NRA is 65. The French government white paper published in 1991 put forward the idea of an NRA defined solely on the basis of the number of credited years. The idea was not adopted but could be reconsidered in the future, especially if the period required to qualify for a full pension is lengthened.

Unreduced early-retirement benefits also are available to employees holding specific occupations or working for firms offering generous social benefits. This type of benefit also may be introduced to fight unemployment and, in some cases, to transfer part of the cost of public early-retirement benefits—including unemployment and disability benefits—to the private sector.

The Dutch Vrijwillig vervoegde uittreding (VUT) agreements are a good illustration of this last case. These voluntary early retirement agreements provide a bridging benefit between the time of retirement and the NRA. The precise conditions, including financing, are set by employers and employees as part of the negotiating process. The number of people entitled to such benefits remains limited. Similar programs were introduced in France and in Germany but were subsequently dropped.\textsuperscript{11}

A scheme aimed at reducing unemployment also has been operating in the United Kingdom. Flat-rate benefits are financed by the state and are conditional on the replacement of retirees by other workers. The scope of this program remains limited. In that country as well as in the U.S., subsidized public early-retirement benefits are marginal in comparison with what prevails in Germany, Sweden and the Netherlands.

A majority of Americans receiving social security retirement benefits have opted for a reduced early-retirement pension. The U.S. Social Security Act was amended in 1956 to allow women to opt for reduced benefits between the ages of 62 and 65. Similar provisions became effective for men in 1961. In 1991, 65 percent of male and 73 percent of female pensioners were receiving reduced benefits for early retirement.\textsuperscript{12}

For a significant proportion of these Americans, the public early-retirement pension is supplemented by other sources of income, including

\textsuperscript{11}When they introduced this plan, the Germans agreed that it would be in operation until 1988 only. At that date it was replaced by partial-retirement provisions.

retirement savings and early-retirement or bridging benefits from occu-
pational plans. Occupational pension plans also are an important source
of early retirement income in the United Kingdom.

PARTIAL RETIREMENT

In addition to normal, deferred and early retirement, other policies
possibly have an impact on the retirement experience of older workers.
Partial retirement is now examined; labor market policy and provisions
that aim to protect older workers against dismissal and discrimination
are then discussed.

Since 1976, Swedish workers aged at least 60 can reduce their work-
load and be compensated by the state for the loss of earnings. While
aiming to reduce overwork and health problems among elderly workers,
the Swedish government also intended to give them more opportunity
for continued employment, to ease the transition to retirement and to
reduce labor market problems [11]. The main characteristics of this scheme
and of more recent ones are presented in Table 6.

The Swedish plan is the only one that has caught on so far. In 1980,
27 percent of the gainfully employed aged 60 to 64 were receiving a
partial pension. In the following year, the government reduced the re-
placement rate from 65 percent to 50 percent. This led to a significant
reduction in the number of new awards. More recently, the rate was re-
established to its previous level [33]. In addition to social security ben-
efits, a partial pension is payable by the supplementary pension plans
covering salaried employees [12].

Several factors may explain the relative success or failure of a partial
retirement policy. Integration with other retirement and pension policies
and the availability and perception of part-time work are among such
factors. In a situation in which there is an excess labor supply, full re-
tirement schemes are generous—both for employees and employers—
and part-time work remains marginal, it is difficult to imagine any real
development of a partial-retirement policy. Other factors such as the firm's
size, the nature of the occupation, and ultimately the statutory right to
partial retirement and partial employment also may be a determinant.

Among Swedish workers, one person out of four is employed on a
part-time basis. This figure can be compared with a ratio of one out
of eight in France and Germany and one out of six in Japan and the
U.S. [34].
### TABLE 6

**Summary of the Principal Forms of Partial Retirement (Public Schemes) [4], [7], [12], [29]**

<table>
<thead>
<tr>
<th>Country and Year Enacted</th>
<th>Eligibility</th>
<th>Minimal Age and Normal Retirement Age (NRA)</th>
<th>Work-Time Reduction</th>
<th>Level and Form of Benefit</th>
<th>Financing</th>
<th>Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>France (1988)</td>
<td>Employees, replacement condition</td>
<td>60 (NRA = 60)</td>
<td>At least 20%</td>
<td>60% of lost earnings (total income = 80%)</td>
<td>State</td>
<td>Limited</td>
</tr>
<tr>
<td>Germany* (FRG) (1989)</td>
<td>Employees</td>
<td>58 (NRA = 65)†</td>
<td>50% but not less than 18 hours</td>
<td>Min. 20% refundable by government if replacement by unemployed</td>
<td>Employer; possible reimbursement by the state</td>
<td>Not available yet</td>
</tr>
<tr>
<td>United Kingdom (1983–86)</td>
<td>Employees, replacement condition</td>
<td>Men 62, NRA = 65; disabled men 60, NRA = 65; women 59, NRA = 60;</td>
<td>At least 14 hours; must work 16 to 29 hours per week</td>
<td>Flat-rate grants</td>
<td>State</td>
<td>Very limited</td>
</tr>
<tr>
<td>Sweden (1976)</td>
<td>Employees and self-employed</td>
<td>60 (NRA = 65)</td>
<td>At least 5 hours; must work at least 17 hours</td>
<td>65% of lost earnings</td>
<td>Employer contribution: 0.5% of total wages</td>
<td>Approx. 170,000 beneficiaries 1976–1986, 37,000 beneficiaries in March 1988</td>
</tr>
</tbody>
</table>

*This partial retirement scheme has replaced the conventional temporary retirement scheme for employees aged 58 or more introduced in 1984.

†A provision allowing for retirement with an unreduced pension at 63 for men (after 35 years of participation) and 60 for women (10 years of contribution in the last 20 years) will be phased out in the coming years.
In Sweden, partial retirement is more popular in large enterprises, and disability pensions in smaller ones: 60 percent of the partial retirement and 45 percent of the disability pensions are registered in firms employing more than 50 people; these enterprises employ about 50 percent of all full-time workers [29]. It is easier to reallocate the workload in a large enterprise than in a small one; partial retirement is thus less likely to imply the hiring of a new worker.

In addition to the statutory schemes that provide direct partial-retirement opportunities, other factors can indirectly encourage or discourage partial retirement. An earnings ceiling above which there is a pension reduction is one example. The requirement to leave the current job to draw a pension also has an effect. As shown in the next section, policies promoting the reemployment of older unemployed people are not flourishing in Europe and America.

LABOR MARKET POLICY

In Western Europe, the traditional instruments of labor market policy are primarily aimed at young people for whom integration in the labor market is considered both less costly and more beneficial: easier to achieve and for a longer period. Some countries, such as the Netherlands, have nevertheless authorized subsidies to stimulate the reintegration of older workers [4]. The Dutch also have initiated job creation projects, and the Swedish, who recognized that the traditional instruments of labor policy were inefficient for this group, have given special attention to older workers and handicapped people in the development of innovative programs.

Studies conducted 30 years ago by the U.S. Government contradicted the popular belief that older workers cannot learn or be trained: "Age, by itself, is not a reliable or useful criterion for determining the suitability of workers for training" [6]. Nevertheless, no major public policy dealing explicitly with this problem has emerged since.¹³ Rehiring clauses giving precedence to workers with more seniority are the main tools of reemployment policy.

The situation is radically different in Japan. Workers there tend to leave their career employment early and look for alternative work. Considering these practices and employers' preference for younger workers,

¹³The Job Training Partnership Act is seen as the principal arm of labor market policy for older workers. In 1985, less than 5 percent of the eligible unemployed older workers (aged 55 to 64) were effectively reached [9].
the opportunities provided older workers looking for jobs are relatively limited—both quantitatively and qualitatively. In 1987, the ratio of job openings to applicants was 1.10 for persons aged between 15 and 29, 1.27 between 30 and 44, 0.58 between 45 and 54, and only 0.14 for persons 55 and over [40].

The Japanese government has developed public policies to prevent withdrawal from the working environment and promote the reemployment of older workers. Some of these policies date back as far as 1966. For instance, subsidies are provided to organizations that hire or retain workers aged 55 to 64 as regular staff or that maintain a specified ratio of workers aged 55 and over. The government also is attempting to expand employment options available to mature workers. Loans are granted to employers who adapt the working environment; older workers—both employed and unemployed—are provided with different forms of vocational training and guidance, workshop adaptation training, etc. [24]. It is still an objective of public policy to promote a higher mandatory retirement age [5].

Early retirees usually try to find a job in smaller firms where the teinen practice—early mandatory retirement age—is less enforced. Nevertheless, a higher proportion tends to be self-employed, family workers or voluntarily employed [24].

Studies in other countries, especially the U.S., have reached similar conclusions: jobs occupied by people who have retired from their main occupation are typically of lower status. Jobs available to older workers are clustered in a comparatively small subset of industries and occupations [17]. According to a recent U.S. study, three-quarters of these new jobs involve a change in occupation or industry; almost half of them involve both [9].

PROTECTION AGAINST DISMISSAL AND DISCRIMINATION

Measures designed to protect workers against dismissal were introduced in some countries during the 1960s and 1970s. It may be argued that “the consequences were reduced employment adaptability and a greater reluctance from employers to hire workers” [34]. More recent reforms have “included the easing of hiring and firing practices, reducing the

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14The voluntarily employed people work at the request of a person or office in their neighborhood.
cost of dismissals, and the shortening of fixed-term and the easing of regulations governing temporary contracts” [34].

The objective of greater economic efficiency not only provides appropriate grounds for weakening the traditional forms of protection against dismissal, but also supports a reinforcement of the protective measures against age discrimination that allow productive older workers to remain in employment. In this case, the aim is not to intervene directly in the dismissal process; it is only to ensure that there is no discrimination against older workers.

The requirements of the U.S. Age Discrimination in Employment Act (ADEA) have been strengthened over the years. Today, mandatory retirement at any age is generally prohibited [32].

In some countries, such as the U.S., seniority rules protect older workers in the event of redundancy. In Japan, layoffs were traditionally far less frequent but concentrated among middle-aged and older workers [27].

**RETIREMENT EXPERIENCE**

Having studied policy provisions and pension arrangements in various countries, we now explore data providing evidence of the retirement experience of older workers in these countries. The objective is not to prove some connection between plan provisions and worker behavior, but simply to provide additional information and to introduce potential topics for further research.

The International Labour Office (ILO) has published data on economic activity rates [19]. These activity rates were obtained by considering as economically active all people who are either employed or unemployed and looking for work. It covers employers, self-employed persons, salaried employees, wage earners, unpaid family workers, members of producers’ cooperatives, and members of the armed forces. People who have retired because they were unable to find work are excluded.

Data are available for decennial calendar years from 1950 to 1980. They are classified by sex and age—quinquennial age groups up to the age of 65 and average activity rates for people aged 65 and over. Statistics related to women are not considered because they incorporate mutations in both work and retirement practices.

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15The economic activity rates are defined as the ratio between the economically active population (or the labor force) and the total population.
The activity rates presented in Table 7 are for male populations aged 55 and over and living in one of the seven countries studied. Interesting conclusions can be drawn from these statistics.

The dominant trend is clearly a sustained decrease in activity rates over the years. In fact, in all the countries studied, except Japan, a decrease has been registered for all three age groups studied throughout the 30-year period.

The decline has been more important for the two older age groups (60-64 and 65 and over). There has been an average reduction of 23 percentage points between 1950 and 1980 for these two age groups, in comparison with a seven point reduction for the 55-59 age group.

The decrease in activity rates is a more recent phenomenon for the two younger age groups. For these, the decline was more important during the 1970s than during the two preceding decades. For the 65 and over age group, the total reduction has been spread rather uniformly over the 30-year period.

The Japanese experience is different, and two major trends can be highlighted. Firstly, there has been a slight decrease in the activity rates of older workers, that is, the 65 and over age group. On the other hand, statistics show an increasing participation in the labor market by workers aged 55-59. Activity rates of the 60-64 age group went up between 1950 and 1970 and down between 1970 and 1980.

Besides Japan, the countries that recorded the slightest decrease in activity rates over the 30-year period are Sweden and the United Kingdom.

France, followed by Germany and the Netherlands, are the three countries that had the lowest activity rates in 1980 for all three age groups. On the other hand, among the six western countries analyzed, the United Kingdom had the highest activity rates for the people aged less than 65. For the older age group, this country ranked second, behind the U.S.

When compared with the other western countries, the U.S. shows a limited difference in activity rates among the age groups: rates are rather low for the 55-59 age group but relatively high for workers 65 years of age and over.

**CONCLUSIONS**

The study of the relevant provisions of the public pension systems and some related policies and practices has made possible the identification
<table>
<thead>
<tr>
<th>Country</th>
<th>Age Group 55-59</th>
<th></th>
<th>Age Group 60-64</th>
<th></th>
<th>Age Group 65+</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>85% 82% 80% 73%</td>
<td>82% 69% 55% 34%</td>
<td>37% 26% 15% 6%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>88 88 88 82</td>
<td>74 72 70 40</td>
<td>27 21 17 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>90 92 94 94</td>
<td>81 84 86 82</td>
<td>55 55 55 46</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>94 88 83 77</td>
<td>83 74 66 57</td>
<td>32 20 11 5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>93 91 90 88</td>
<td>83 79 75 70</td>
<td>36 28 19 10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td>97 96 94 92</td>
<td>94 87 81 75</td>
<td>34 27 19 11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>92 92 88 82</td>
<td>82 81 74 60</td>
<td>45 34 25 19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>91% 90% 88% 84%</td>
<td>83% 78% 72% 60%</td>
<td>38% 30% 23% 15%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Unemployed people are considered as part of the active population. However, people who have retired because they were unable to find work are excluded.
Statistics related to women are not relevant to our purpose; they incorporate mutations in both work and retirement practices.
of national differences in retirement policy. France, Germany and the Netherlands have placed more emphasis on providing benefits to people retiring early from the work force. In France, where special schemes were used to provide pensions at an early age and where unemployment benefits proved to be a popular way of retiring permanently from the labor market, the NRA has been reduced to 60. In Germany and the Netherlands, subsidized early-retirement benefits, especially disability and unemployment benefits, have played an increasing role. The Germans also had introduced a measure allowing retirement before the NRA for people having accumulated a certain number of credited years; it was decided to revoke this measure recently.

Similar early-retirement benefits are available in Sweden. However, the Swedes also have implemented measures, such as partial-retirement and employment policies, designed to maintain older workers in the work force. In Japan, where a practice of early retirement from career employment prevails, actions have been taken to try to retain older workers in the labor market and to promote their reemployment.

In the U.S. and the United Kingdom, public provisions for early retirement are not as generous as in other countries. There is a greater reliance on private pension plans for providing early-retirement income. In both countries, legislative amendments designed to increase the interest in working after the NRA have been passed in recent years. In the U.S., legislation aiming at protecting older workers against discrimination has been implemented and strengthened over the years. The Americans also have opted for an increase in their NRA.

In the light of this comparative policy analysis, it is interesting to identify alternative retirement policy strategies and the underlying policy objectives. The provisions studied in this paper can be grouped under four strategy headings:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Policy Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preventive Strategy</td>
<td>Prevents withdrawal from the work place</td>
</tr>
<tr>
<td>Reemployment Strategy</td>
<td>Promotes reemployment of older unemployed people</td>
</tr>
<tr>
<td>Compensatory Strategy</td>
<td>Secures entitlement to substantial benefits</td>
</tr>
<tr>
<td>Neutral Strategy</td>
<td>Does not interfere with the labor market</td>
</tr>
</tbody>
</table>

The compensatory strategy has been dominant over the last years. Provisions designed to provide some form of benefits to young retirees have
been implemented in all the countries studied. They have been more predominant in France, Germany and the Netherlands. This strategy has not been implemented mainly by means of a reduction in the NRA; in many countries, early-retirement benefits have played an increasing role.

Actions also have been taken in regard to the other three strategies. The reemployment strategy can be associated more closely with Japan, where there has been a long tradition of early retirement from the main occupation. Compared to the other western countries, Sweden has put more emphasis on policies designed to prevent the withdrawal of older workers from the labor market. Even if it could possibly result in later retirement of older workers, the strategies adopted in recent years in the United Kingdom and the U.S.—apart from the increase in the American NRA—can possibly be qualified as more neutral: a greater reliance on private schemes to provide early retirement income, the amendment of provisions that discourage deferred retirement and the protection of American workers against discrimination.

If the definition of retirement policy strategies is an interesting corollary to our comparative policy analysis, it is also a relevant topic for further research. For instance, it would be interesting to study how future structural changes, especially population aging, may alter the relative weight of each strategy in the development of future retirement policy. The assessment of the strategies for their effect on work and retirement behavior or for their interactions with other policy areas or socio-economic conditions and objectives also would be of interest.

The points raised in the section on activity rates tend to corroborate a possible connection between the strategies adopted and the retirement experience of older workers. The purpose of this paper was not to prove such a connection. Activity rates were presented to provide complementary information and to stimulate further research on this topic. The economic effects of social security and pensions have already been studied at the national level, especially in the U.S.\textsuperscript{16} Research also has been conducted to study the possible correlation between retirement and labor market conditions \cite{37}. The development of these topics on an international basis would enable comparison of the different retirement policy strategies.

\textsuperscript{16}For a review of the literature, refer to Aaron \cite{1} and Ruhm \cite{38}.
ACKNOWLEDGMENTS

The author expresses his appreciation to colleagues for their helpful comments.

BIBLIOGRAPHY


DISCUSSION OF PRECEDING PAPER

ROBERT J. MYERS:

Denis Latulippe has presented an interesting and incisive paper about trends in the retirement-age provisions in the national pension plans of a number of economically well-developed countries.

An important element in such analysis is the so-called normal retirement age (NRA), which is usually defined as the earliest age at which unreduced benefits are available. This, however, is not a precise concept, but rather can merely be a matter of somewhat artificial definition when reduced benefits are available for earlier retirement and/or increased benefits are available for deferred retirement. It may be said to be somewhat like the situation of arguing whether a glass is half empty or half full.

As an example, consider a national pension plan that provides so-called reduced benefits at a rate of \( \frac{5}{9} \) percent per month below age 65 down to age 62 (that is, an 80 percent benefit for initial claim at age 62) and with increased benefits at a rate of \( \frac{7}{24} \) percent per month above age 65 up to age 70 (that is, a 122\( \frac{1}{2} \) percent benefit for initial claim at age 70). The foregoing is actually what the U.S. Old-Age, Survivors, and Disability Insurance program (OASDI) provides for persons who attain age 65 in 1994–95.

Exactly the same results would obtain if the NRA were stated as being age 62, with a primary benefit amount equal to 125 percent of the primary benefit under the foregoing plan and with increased benefits at a rate of \( \frac{25}{36} \) percent per month beyond age 62 for the first 36 months and \( \frac{15}{32} \) percent per month beyond age 65 for the next 60 months (that is, a 125 percent benefit for initial claim at age 65 and 153\( \frac{1}{8} \) percent benefit for initial claim at age 70).

Similarly, another plan could have a so-called NRA of 70, with a primary benefit amount equal to 122\( \frac{1}{2} \) percent of the primary benefit of the first plan (or 153\( \frac{1}{8} \) percent of the primary benefit of the second plan) and yet really be exactly the same as the foregoing two plans. This would be so if the reduction factor for initial claim before age 70 were \( \frac{15}{49} \) percent for each of the first 60 months before age 70 and \( \frac{200}{441} \) percent for each of the next 36 months (that is, an 81\( \frac{3}{4} \) percent benefit for initial claim at age 65 and a 65\( \frac{15}{49} \) percent benefit for initial claim at age 62).
Notwithstanding that the NRA under the OASDI program could be defined as any of a number of ages, it is easy to see why it has been defined as age 65 in the past. First, initially age 65 was the earliest age at which benefits were available, and no increases were provided for later retirement. Second, any other age would now produce quite unwieldy fractions for the decrease and increase factors. Third, it would be extremely cumbersome to replicate the results when the NRA on the present basis is increased from 65 to 67, beginning in 2003 and culminating in 2027 (that is, beginning for persons who attain age 62 in 2000 and culminating for persons who attain age 62 in 2022).

Nonetheless, it is clear that any designated NRA in any pension scheme has significant elements of imprecision. This is also true for social insurance systems of other countries. For example, in France, the apparent reduction in the NRA to age 60 in 1983 could probably have been expressed in another, quite different way.

As a minor point, footnote 6 of the paper states that, under OASDI, the reduction factor for retirement at age 62 will be 25 percent in 2009 and 30 percent in 2027. Actually, the 25 percent factor applies first to persons attaining age 62 in 2005, while the corresponding date for the 30-percent factor is 2022.

(AUTHOR'S REVIEW OF DISCUSSION)

DENIS LATULIPPE:

I thank Mr. Myers for his relevant comments.

When conducting a study on retirement policy provisions, it is necessary to focus not only on the normal retirement age, but also on complementary provisions such as early and deferred retirement as well. Nevertheless, the concept of NRA should not be marginalized. Social insurance schemes are defined-benefit plans that should guarantee a certain level of income to people who satisfy the eligibility conditions. Even if actuarially equivalent benefits may become payable at a different age, such schemes should not be perceived as plans that guarantee a certain value of benefits, whatever the age at retirement.

It should also be remembered that the right to full benefits is defined not only on the basis of age, but also by other criteria, such as the number of credited years. For instance, it was recently decided in France to leave the normal retirement age at 60 but to increase the number of years required to receive a full pension.