

### Key results

Most of the indicators of pension entitlements in this report are based on analysis of a single person. In many countries, pension systems are effectively “individualised”: the position of a married couples is the same as that of two single people with the same level of earnings. In others, however, marriage has an effect on pension entitlements.

There are two ways in which marital status affects pension entitlements. First, some systems offer “derived” rights: these are benefits for the couple that derive from the working experience and contributions of one spouse. Secondly, some retirement benefits, especially resource-tested and basic ones, are assessed using the couple as a “pension unit” rather than treating each individual separately.

The table shows calculations of pension entitlements for five different family types. In the first three, total earnings are held constant at 100% of the economy-wide average. A single person with these earnings is compared, first, with a single-earner couple and, secondly, a two-earner couple where both partners have the same level of earnings. The other two cases compare a single person with earnings of 150% of the average with a couple consisting of two earners, with pay of 100% and 50% of average earnings.

The calculations are shown using 2006 parameters and rules of pensions systems. This is because it has not been possible yet for national officials to validate the results for couples using 2008 parameters and rules (as used in the rest of this report).

Most OECD countries provide a higher gross replacement rate for one-earner couples as opposed to a single earner. The exceptions are Austria, Germany, Italy, Luxembourg, Spain and Turkey.

There is significant variation between countries in terms of the policy adopted for non-workers within a couple. In some countries, benefits are higher for couples than single people because of basic schemes that pay a higher rate to a couple than a single person (although less than the entitlement of two single people) In the Netherlands, for example, entitlement to the basic pension is effectively dependent only on residence in the country.

In Ireland and the United Kingdom, there are spousal benefits in the basic pension for partners in a couple who do not earn a full basic pension entitlement in their own right. In France there are spousal supplements for the public pension.

In Japan and the United States, there are spousal benefits in the public, earnings-related schemes. Again, these higher benefits are paid to couples where one partner has not earned a large entitlement in his or her own right.

Resource-tested schemes explain why Denmark has higher benefits for one-earner couples than for single people with average earnings. Even at average earnings, both would be eligible for resource-tested benefits. Similarly, in Belgium, Finland and Sweden, a single person on average earnings would not be entitled to a minimum pension. However, a couple with one partner earning the economy-wide average would receive a top-up from minimum pensions.

For those countries with higher replacement rates the difference is lowest in Korea and France at 3.1% and 3.2% respectively, whereas in Ireland and the Netherlands the increase is over 30 percentage points.

Pension entitlements for one-earner couples in Mexico, Poland and the Slovak Republic are lower than for single people with the same level of earnings. One-earner couples. This is because the annuity calculation for private pensions results in a lower benefit for couples due to longer life expectancy of a couple compared with a single person.

At higher levels of pay – namely a single person with 150% of average earnings in comparison to a couple with the principal at average earnings and the spouse at 50% average earnings – the results can be affected by ceilings on pensionable earnings. For example in Germany the ceiling on contributions is just under the 150% level, explaining the lower gross replacement rate for the single scenario. The same applies for Austria, which like Germany, has a constant gross replacement rate at all earnings levels below the contribution ceiling.

### Definition and measurement

Details of parameters and rules of the treatment of couples will be published in 2011 in an OECD report on “Women and pensions”.

**Pension replacement rates by earnings, single people and couples,  
2006 parameters and rules**

	Gross replacement rate (percentage of total gross earnings)					Net replacement rate (percentage of total net earnings)				
	100	100	50	100	150	100	100	50	100	150
Principal's earnings (percentage of average earnings)	100	100	50	100	150	100	100	50	100	150
Partner's earnings (percentage of average earnings)	n.a.	0	50	50	n.a.	n.a.	0	50	50	n.a.
Australia	41.6	57.5	57.5	43.3	33.1	53.1	74.5	68.9	50.8	41.8
Austria	80.1	80.1	80.1	80.1	76.4	90.3	90.3	90.5	90.3	86.3
Belgium	42.0	52.1	58.1	47.4	32.5	63.7	66.9	78.7	63.7	51.7
Canada	44.5	53.7	53.8	44.1	29.7	57.9	70.0	62.6	51.1	40.0
Czech Republic	49.7	57.3	79.2	59.6	36.4	64.1	73.8	95.3	64.1	49.4
Denmark	80.3	97.4	100.9	78.1	67.5	91.3	116.8	114.2	80.8	82.7
Finland	56.2	61.3	61.3	56.2	56.2	62.4	77.0	73.1	62.4	63.8
France	53.1	56.3	60.8	56.5	48.2	65.4	74.9	75.0	66.7	59.9
Germany	43.0	43.0	43.0	43.0	42.6	61.3	75.5	59.2	61.3	60.3
Greece	95.7	115.7	115.7	115.7	95.7	110.8	127.7	133.6	127.7	106.7
Hungary	76.9	80.2	80.4	80.2	76.9	105.5	108.0	97.8	108.0	99.2
Iceland	90.2	114.0	108.3	96.3	87.5	95.1	128.8	110.1	95.1	92.1
Ireland	34.2	64.4	68.4	45.6	22.8	40.1	75.5	68.4	40.1	30.3
Italy	67.9	67.9	64.2	65.4	67.9	74.8	73.7	74.8	74.8	77.1
Japan	33.9	52.1	47.1	38.3	29.4	38.7	57.9	51.4	38.7	33.9
Korea	42.1	45.2	66.6	51.9	33.6	46.6	50.0	71.4	49.3	38.7
Luxembourg	88.1	88.1	99.4	91.9	84.3	96.5	110.4	107.1	96.5	93.5
Mexico	36.1	29.3	55.3	37.9	34.5	38.0	30.8	56.0	30.8	39.6
Netherlands	88.3	118.6	93.4	90.0	86.6	103.2	146.7	105.0	103.2	98.6
New Zealand	38.7	58.8	58.8	39.2	25.8	41.1	63.2	61.0	31.6	29.0
Norway	59.3	62.9	55.4	51.5	49.8	69.3	88.7	71.3	59.8	60.6
Poland	61.2	60.4	60.4	60.4	61.2	74.9	73.9	73.5	73.9	75.0
Portugal	53.9	53.9	54.8	54.2	53.1	69.6	69.6	63.7	69.6	72.0
Slovak Republic	56.4	55.7	55.7	55.7	56.4	72.7	71.8	65.5	71.8	74.9
Spain	81.2	81.2	81.2	81.2	81.2	84.7	91.7	82.1	84.7	85.3
Sweden	61.5	82.1	70.3	62.6	75.6	64.1	88.0	73.4	61.6	81.2
Switzerland	58.3	76.1	67.8	59.7	40.5	64.5	101.0	79.9	64.5	44.3
Turkey	86.9	86.9	86.9	86.9	86.9	124.7	124.7	124.7	124.7	127.1
United Kingdom	30.8	39.1	50.0	37.2	21.3	40.9	52.3	62.7	40.9	29.2
United States	38.7	57.3	49.8	42.1	34.1	44.8	73.9	57.3	44.2	39.5
<b>OECD30</b>	<b>59.0</b>	<b>68.3</b>	<b>69.5</b>	<b>61.7</b>	<b>54.3</b>	<b>70.3</b>	<b>84.3</b>	<b>80.3</b>	<b>69.4</b>	<b>65.5</b>

Source: OECD pension models.

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