Abstract

This thesis investigates impact of pension reforms implemented in the EU27 countries in time period 1993 - 2013 to implicit pension debt. We applied Holzmann’s (2004) methodology to calculate implicit pension debt. Primary outcome is that in the investigated period, 21 countries have reduced its implicit pension debt in range of 57% to 700% of its GDP. On the other side, in Denmark, Germany and Portugal, implicit pension debt increased in range 10% - 194% of their GDP.

Paper also investigated impact of individual components implemented in pension reforms. Largest impact was recorded by change of pension age. Increasing pension age by 1 year reduced the IPD by 46% of GDP on EU27 level. This was also the most often used measure as it was implemented 42 times in the investigated period. Reforms of indexation have also significant impact on IPD, however, as indexation is linked to chosen variables to decrease IPD it is only possible to change indexation linkage. Possibilities of early retirement were also limited, as it was adjusted 13 times. The effect was smaller in comparison to increasing retirement age where increasing early retirement age decreased implicit pension debt by 21% of GDP on the EU27 level. This equals to impact of increasing contribution rate by 1 p.p. The smallest impact was recorded by decreasing replacement rate by 1 p.p. which reduced IPD by 16% of GDP on EU27 level.

Keywords

Pension reform, Implicit debt, European Union

JEL Classification

H55, I39, J11