

## Pension scheme in Austria

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### Abstract

Driven by unfavorable demographic developments and unsustainable, outdated or fragmented systems, pension reform has been at the top of political agendas across the globe for many years now (Prinz, Stanovnik & Stropnik, 2000). Over the last two decades, almost all western European countries have been trimming their public pension systems in an effort to strengthen pension sustainability. One main target of reform was to increase the retirement age. Other measures (e.g. changing the pension calculation, broadening the assessment base, changing the adjustment mechanism) were designed to lower replacement rates. The reform process in the wide range of countries addressed by this survey differs considerably from country to country. This is why Allianz first introduced the Pension Sustainability Index (PSI), which combines the various characteristics of pension systems with the factors that influence them to help track and evaluate policy changes made in different countries around the world. In addressing the sustainability of a country's public pension system, the PSI can give an indication of a country's need for reforms to maintain long-term financial sustainability. This can be difficult to assess given the many country-specific institutional, technical and legal parameters. The PSI is able to evaluate the long-term sustainability of national pension systems and thus the pressure on governments to reform these (International pension Papers, 1.2014).

The speed of reform, however, differs between countries. Those which recently introduced major reforms were able to improve in the PSI ranking because of active steps taken, while others were lost in comparison due to their passive policymaking.

**Keywords:** *Population Ageing, Pension, Public Finance Sustainability, Social Insurance, Retirement.*

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