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AGEING AND RISING INEQUALITY

Hervé Boulhol
Pensions and Population Ageing
Social Policy Division, Directorate of Employment,
Labour and Social Affairs, OECD



Outline of the talk:

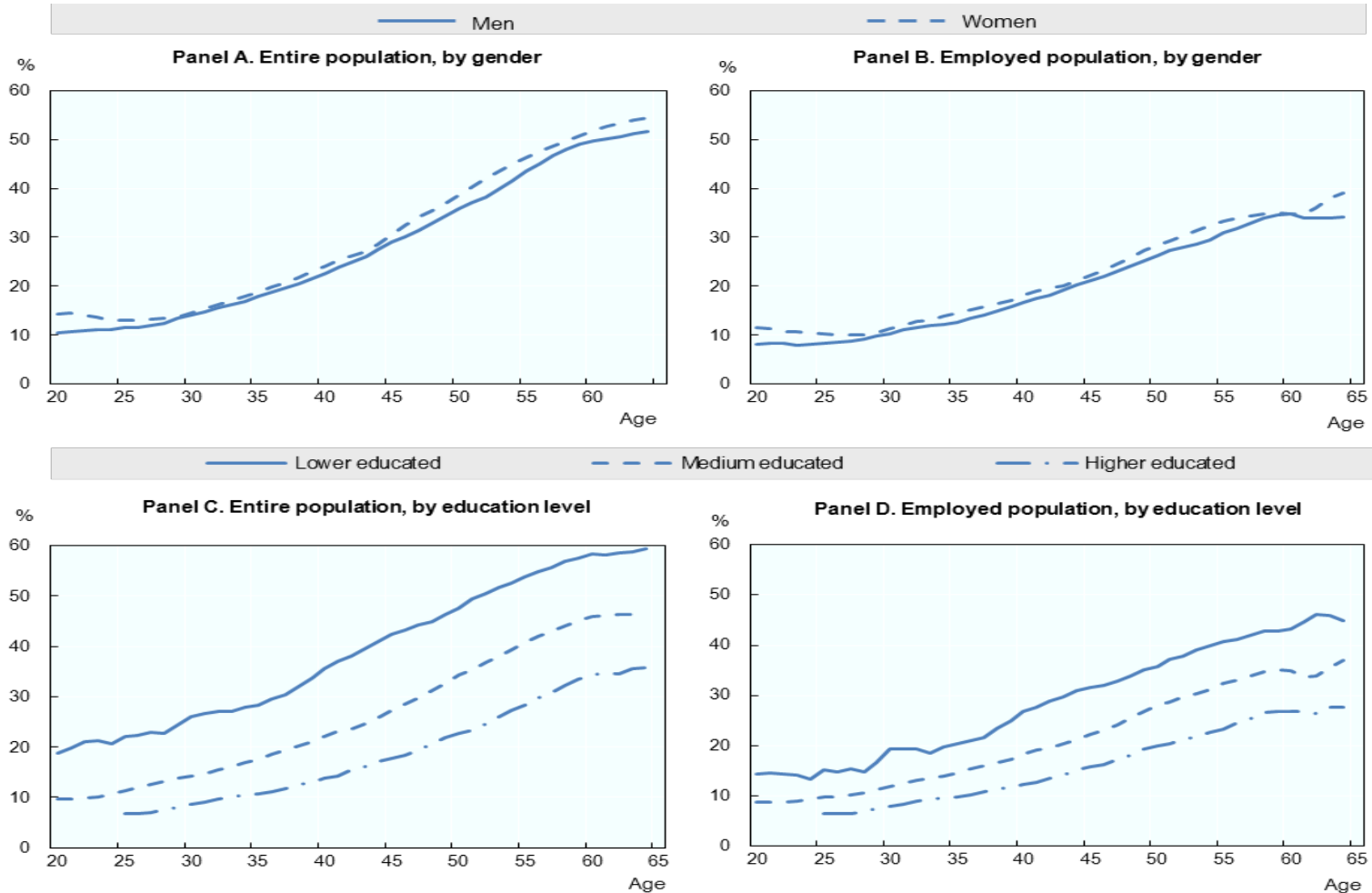
Importance of a life-course approach

1. Disadvantages become entrenched: Interactions across different areas compound inequalities
2. Transmission of working-age to old-age income inequality
3. Dealing with inequality in life expectancy and its impact on pensions
4. Policies to act at all stages of the life course: Preventing, Mitigating and Coping



Mechanics of working-age disadvantage: links between education, health and the labour market

Share of people reporting bad health by age, gender, and education

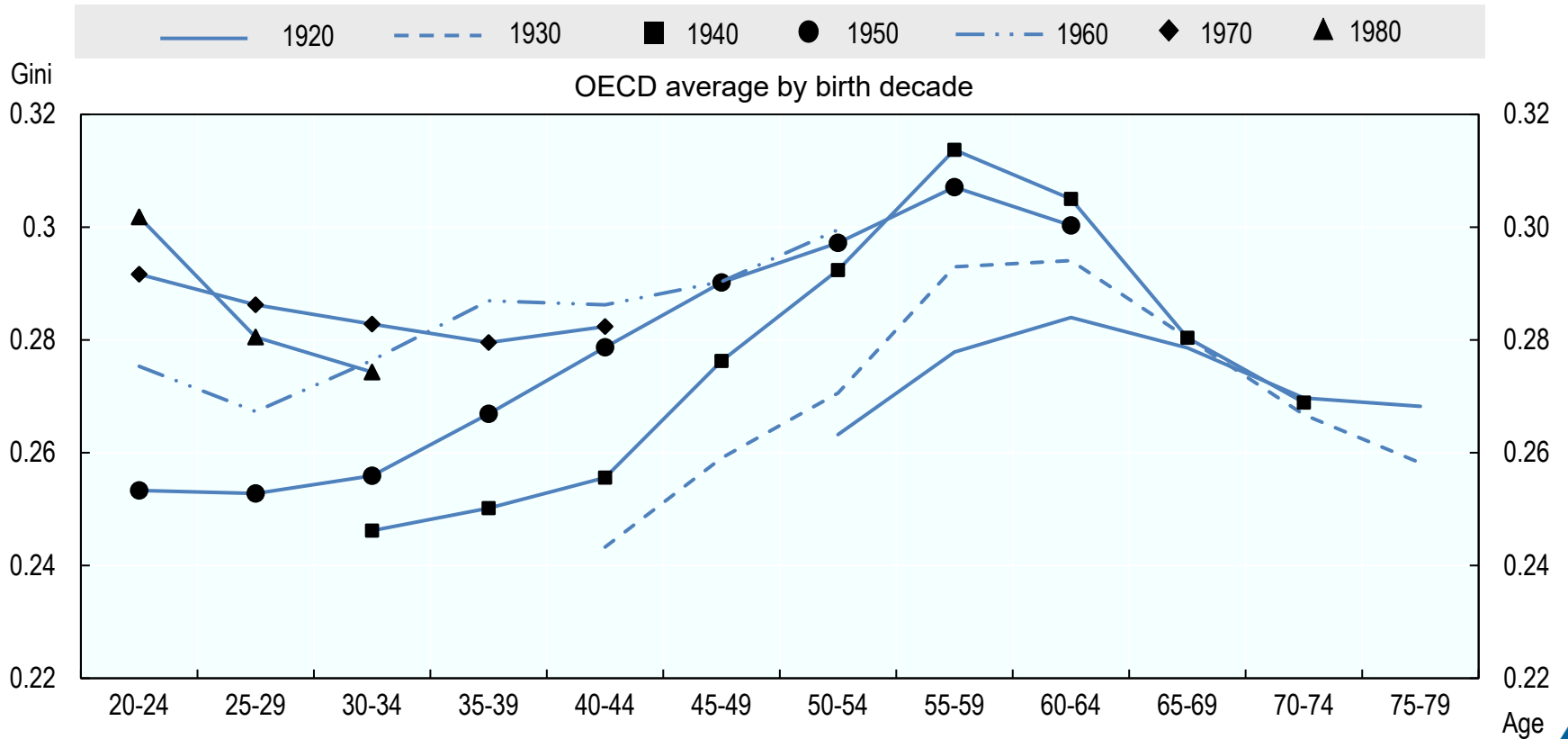


Note: OECD calculations from microdata on 24 OECD countries.



Income inequality at a given age is higher today than in the past in most OECD countries

Income Gini index by cohort and age group

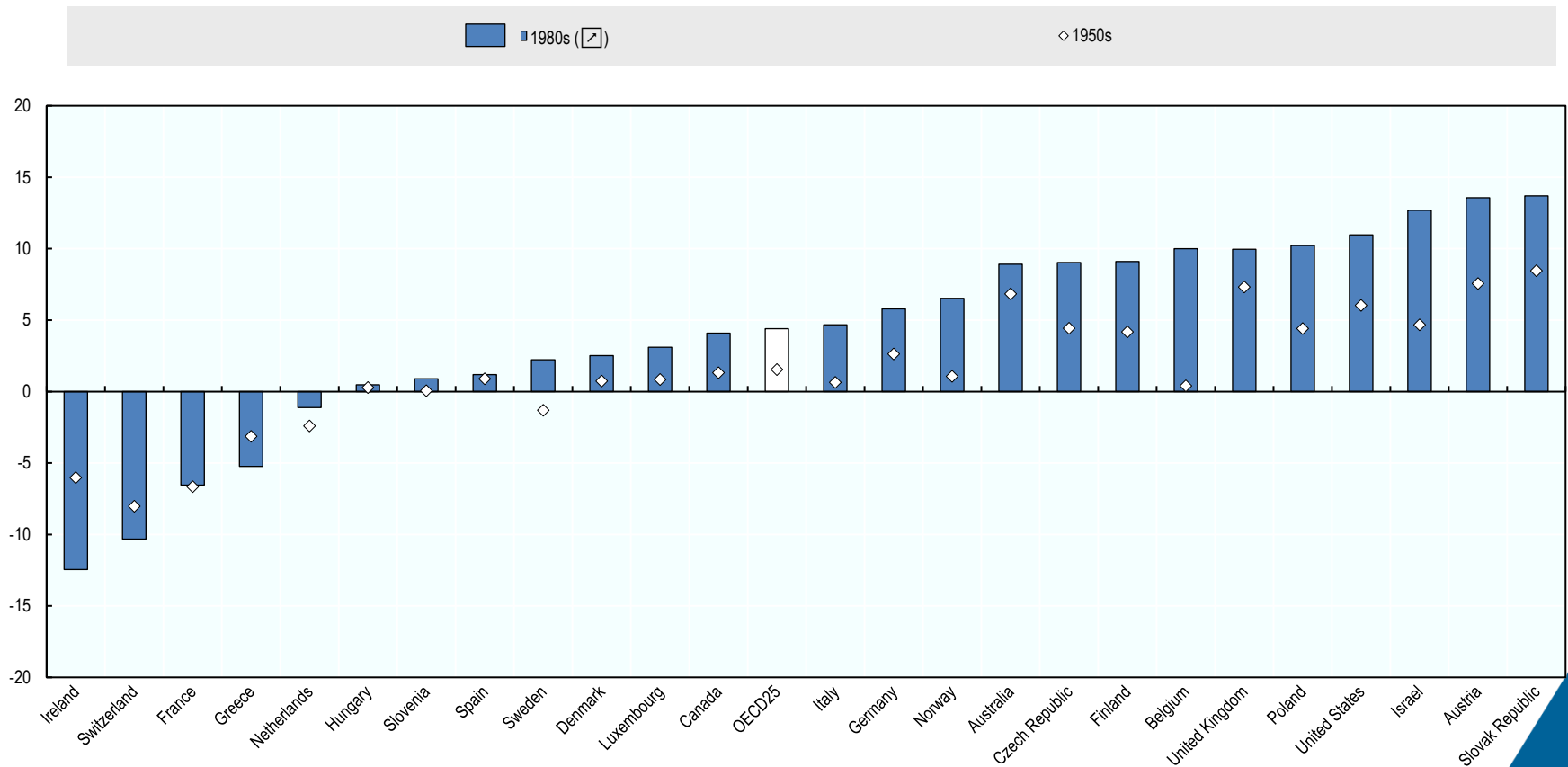


Source: OECD (2017) - Preventing Ageing Unequally based on Luxembourg Income Study data.



Inequality has been rising from one generation to the next in two-thirds of OECD countries

Changes in income Gini coefficients at the same age by birth decade, compared to people born in the 1920s.

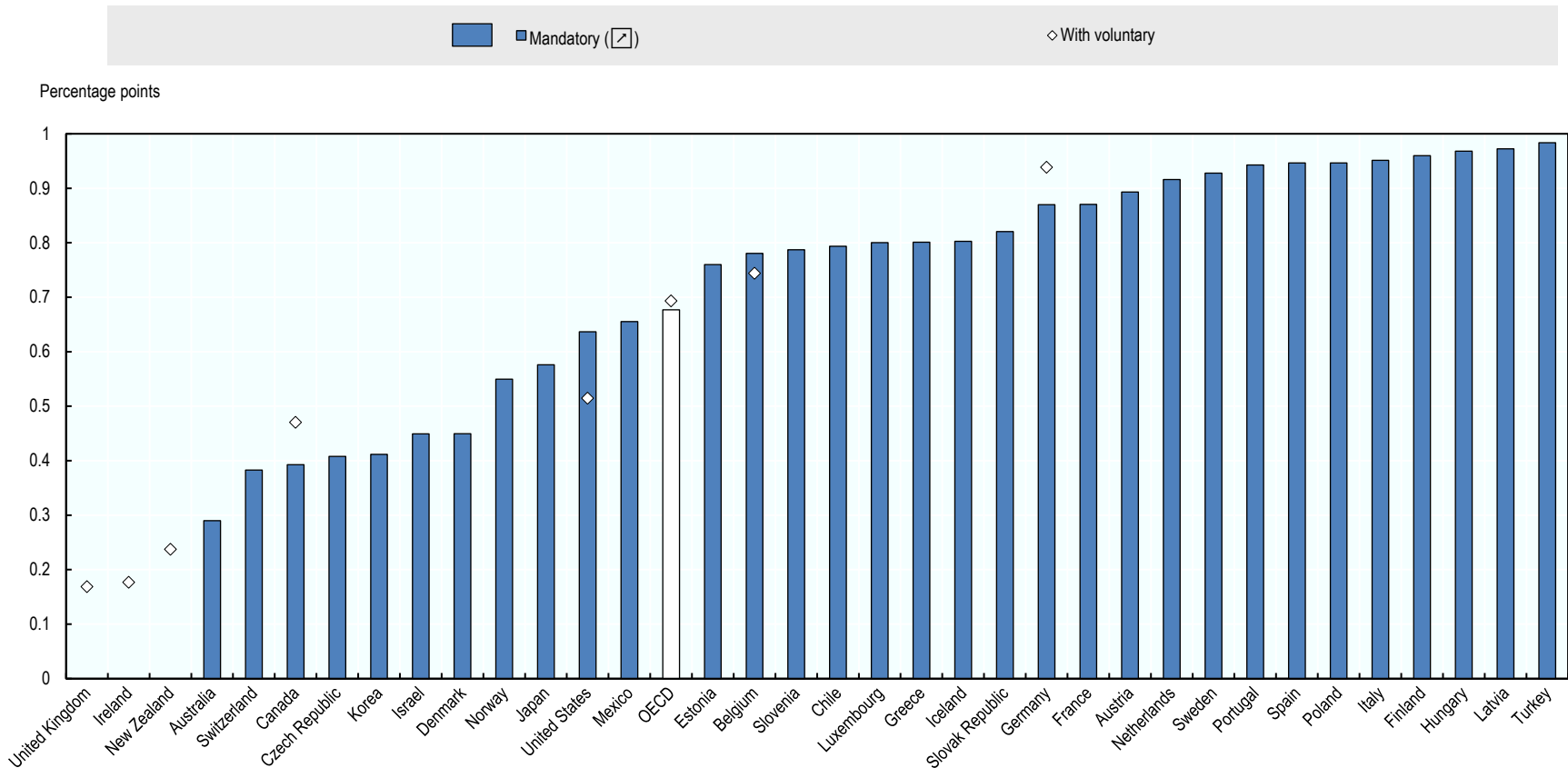


Source: OECD (2017) - Preventing Ageing Unequally based on Luxembourg Income Study data.



Large pass-through from wage to pension inequality

Change in the Gini index of pensions for a 1 percentage point increase in the Gini index of wages





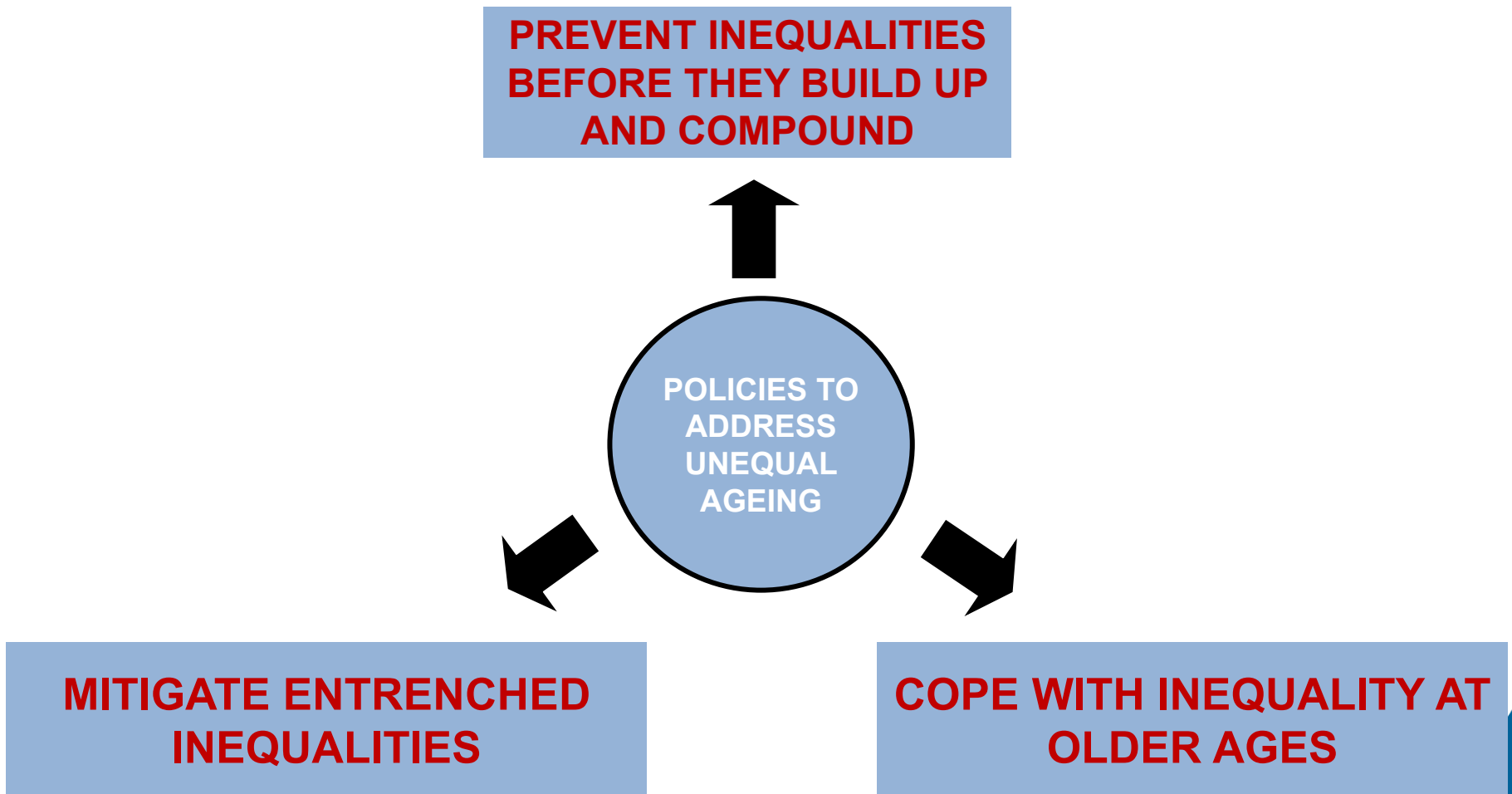
How to deal with inequality in life expectancy and its impact on pensions

- Crucial to develop health prevention policies and to ensure access to good health services for all
- Multiple determining factors, highlighting the need to tackle inequalities broadly and throughout the life course
- Inequality in life expectancy generates a regressive force in pension systems
- It strengthens the weight that should be given to redistributive components of pension systems
- No common trends of changes in life-expectancy inequality across countries
- In the debate about linking retirement age to life expectancy, it is important not to confuse static arguments (retirement age levels, socio-economic differences in life expectancy) with dynamic reasoning



OECD Recommendations on Policies to Address Unequal Ageing

Need for life-course policy packages based on 3 pillars





OECD REPORT *PREVENTING AGEING UNEQUALLY*



Preventing Ageing Unequally



herve.boulhol@oecd.org

<http://oe.cd/pau2017>

Twitter: @OECD_Social