fondazione RODOLFO DEBENEDETTI

Reforming unsustainable pension systems: drawing a few parallels

Rome

Ministry of the Economy

September 3, 2003

Features in common

Germany:

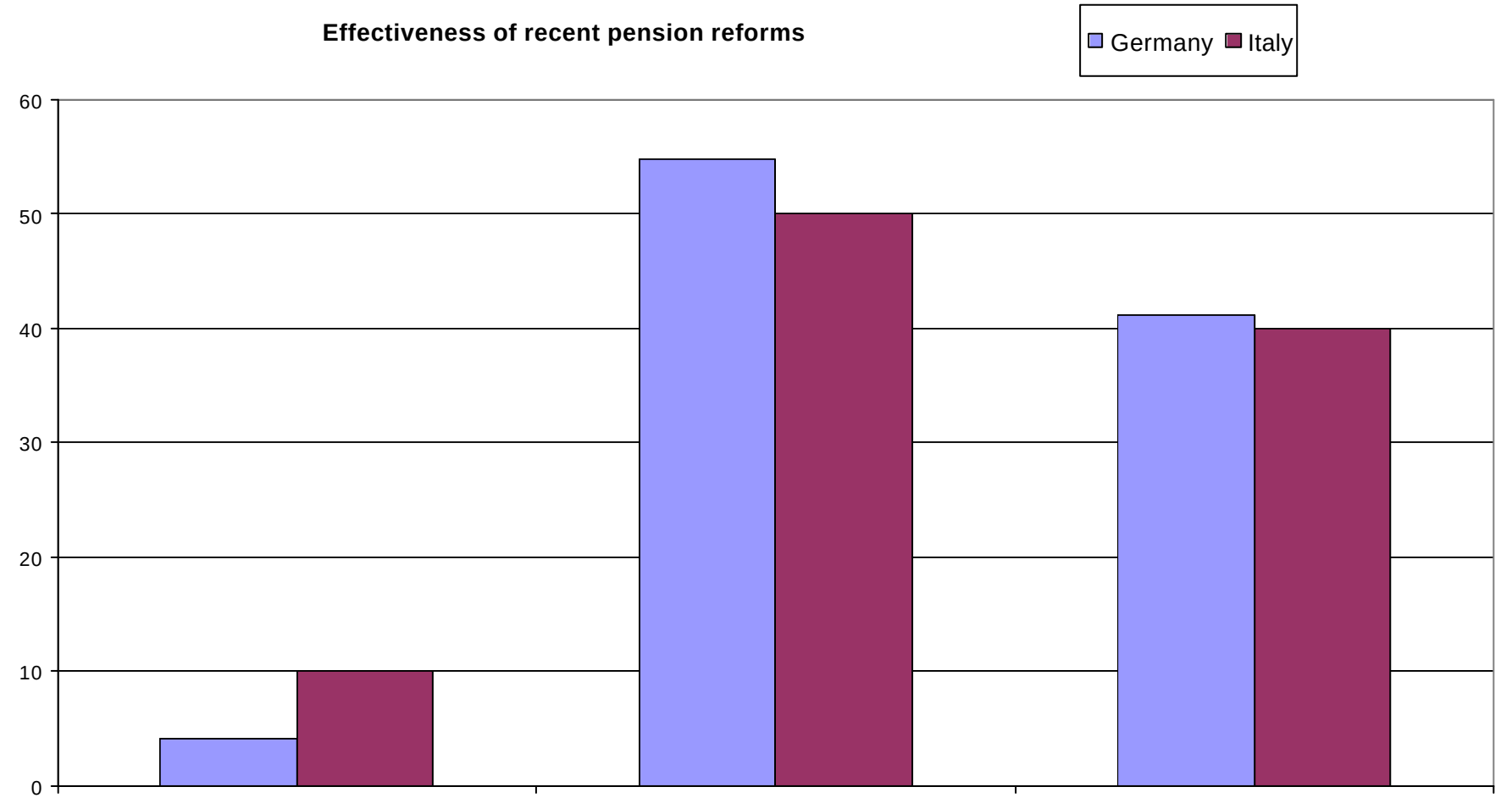
- 1992 Bluem
- 1999 (failed)
- 2001 Riester

Italy:

- 1992 Amato
- 1995 Dini
- 1997 Prodi

Not yet solved problem of sustainability

Citizens are aware of the fact that past reforms are only a first step….



Boeri, Boersch-Supan, Tabellini, 2002

Differences

Germany

- Penalties for those retiring earlier than 65 (minus 0,3 *per cent per month*): pension at 62 is 89 per cent of pension at 65.
- No long-term convergence to stable system

Italy

- There are windows for “seniority pensions”, binding and no longer moving up (private employees: 57 and 35)
- Expenditure will eventually stabilise with “Dini system”

We will have similar adjustments for early retirement when the Dini regime comes into play

Age	Implied penalty Germany 2003	Implied Penalty Italy 2035
57	-	0.231
58	-	0.208
59	-	0.184
60	-	0.159
61	-	0.131
62	0.108	0.101
63	0.072	0.070
64	0.036	0.038
65	0.000	0.000