



Russian Economic Challenge 2018  
Global Inequality, Implications for Russia, and Ways Forward  
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# WHAT ARE THE MAIN CHALLENGES IN DEALING WITH OLD-AGE INEQUALITY IN RUSSIA?

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# Outline of the talk

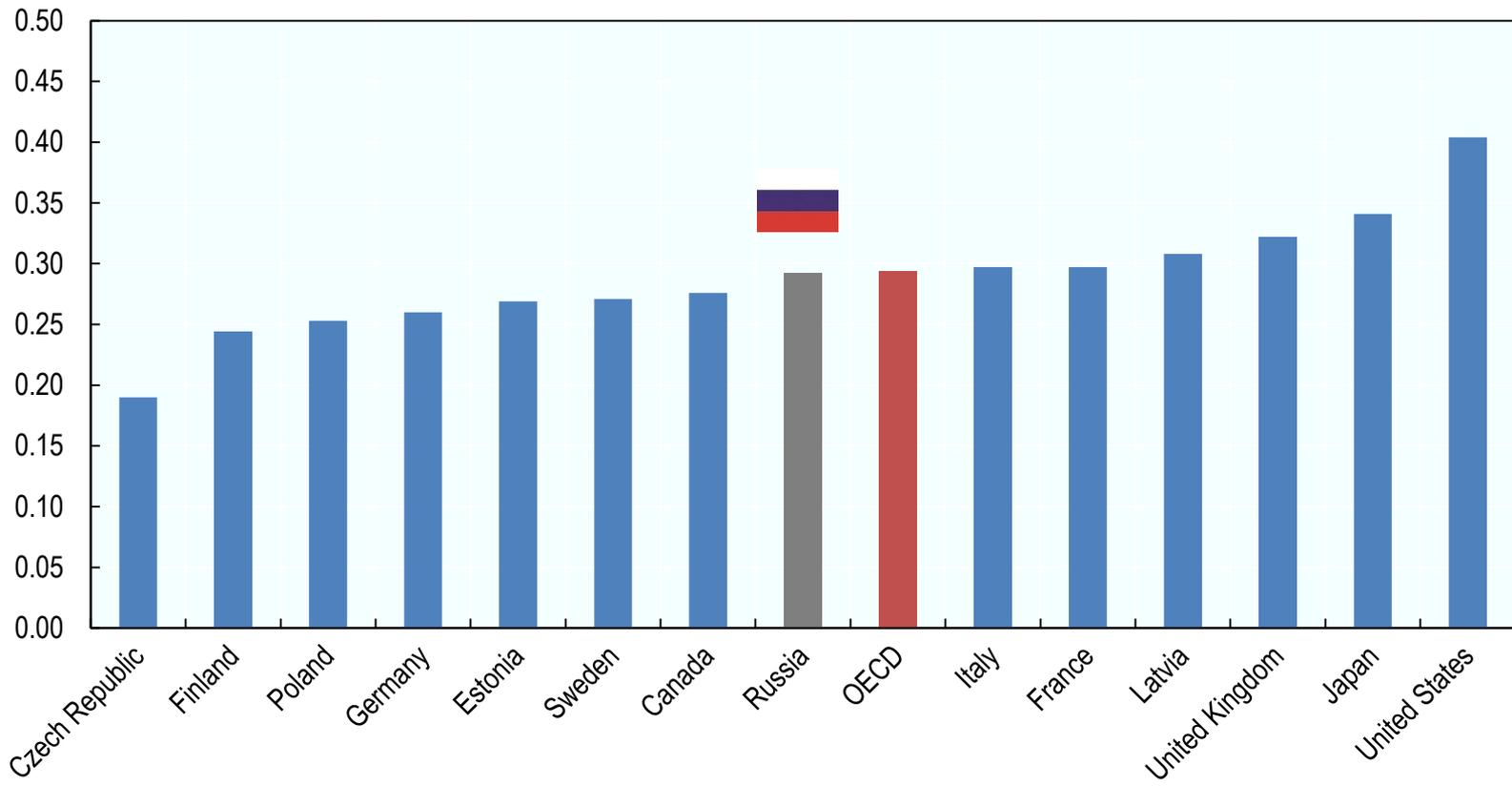
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- This short presentation is based on two recent OECD reports:
    - *Preventing Ageing Unequally* which assesses how ageing and inequality trends are interacting
    - flagship publication: *Pensions at a Glance*
1. Old-age income inequality: Russia vs OECD countries
  2. Old-age inequality is the result of a lifelong cumulative process
  3. A lot can still be done to cope with entrenched inequalities in old age



# Income inequality among older people is average in Russia

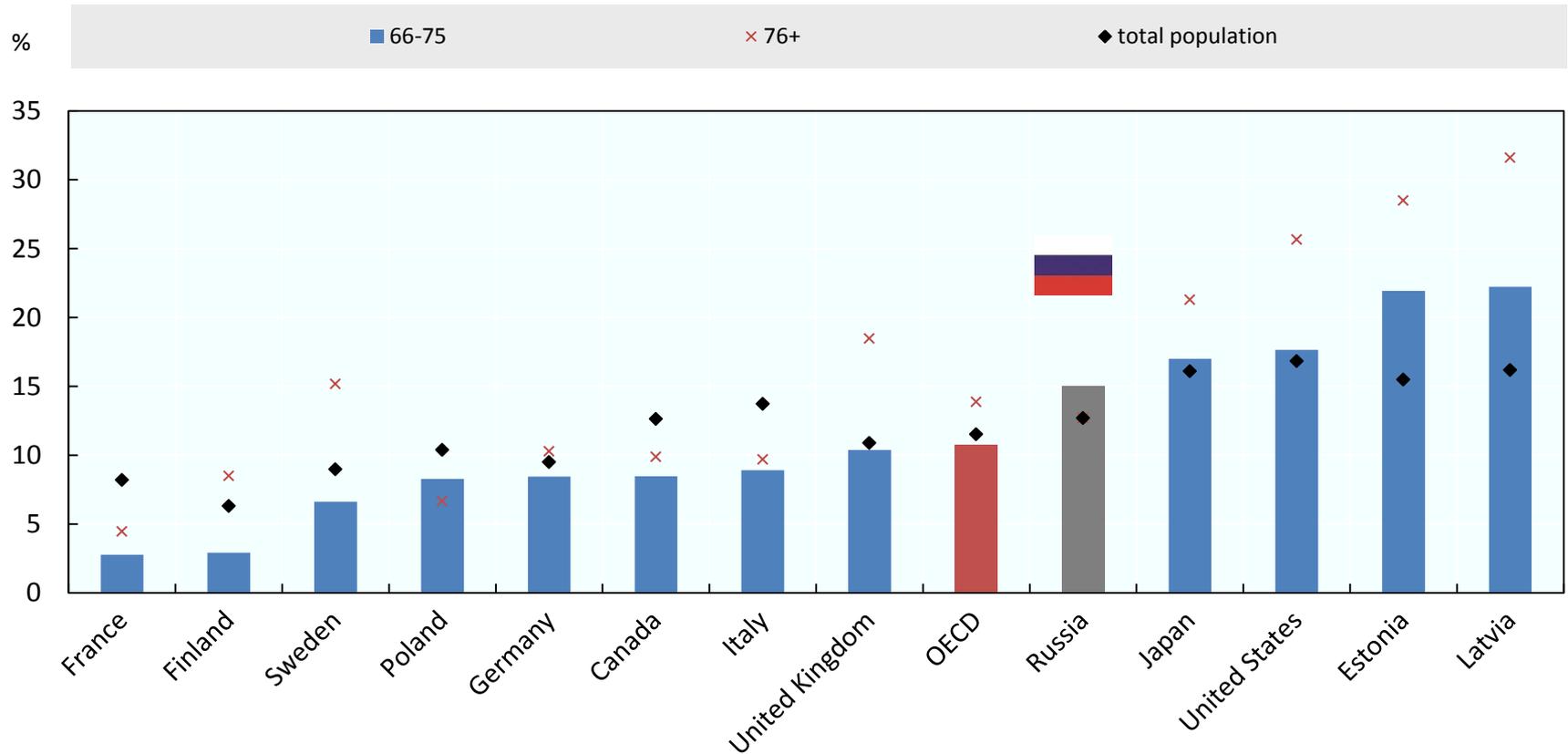
## *Gini coefficient, 65+, 2016 for Russia*



Source: OECD (2017) – Preventing Ageing Unequally, Figure 1.18  
Study data.



# Relative old-age poverty is on the high side for the 66-75 in Russia, especially among women

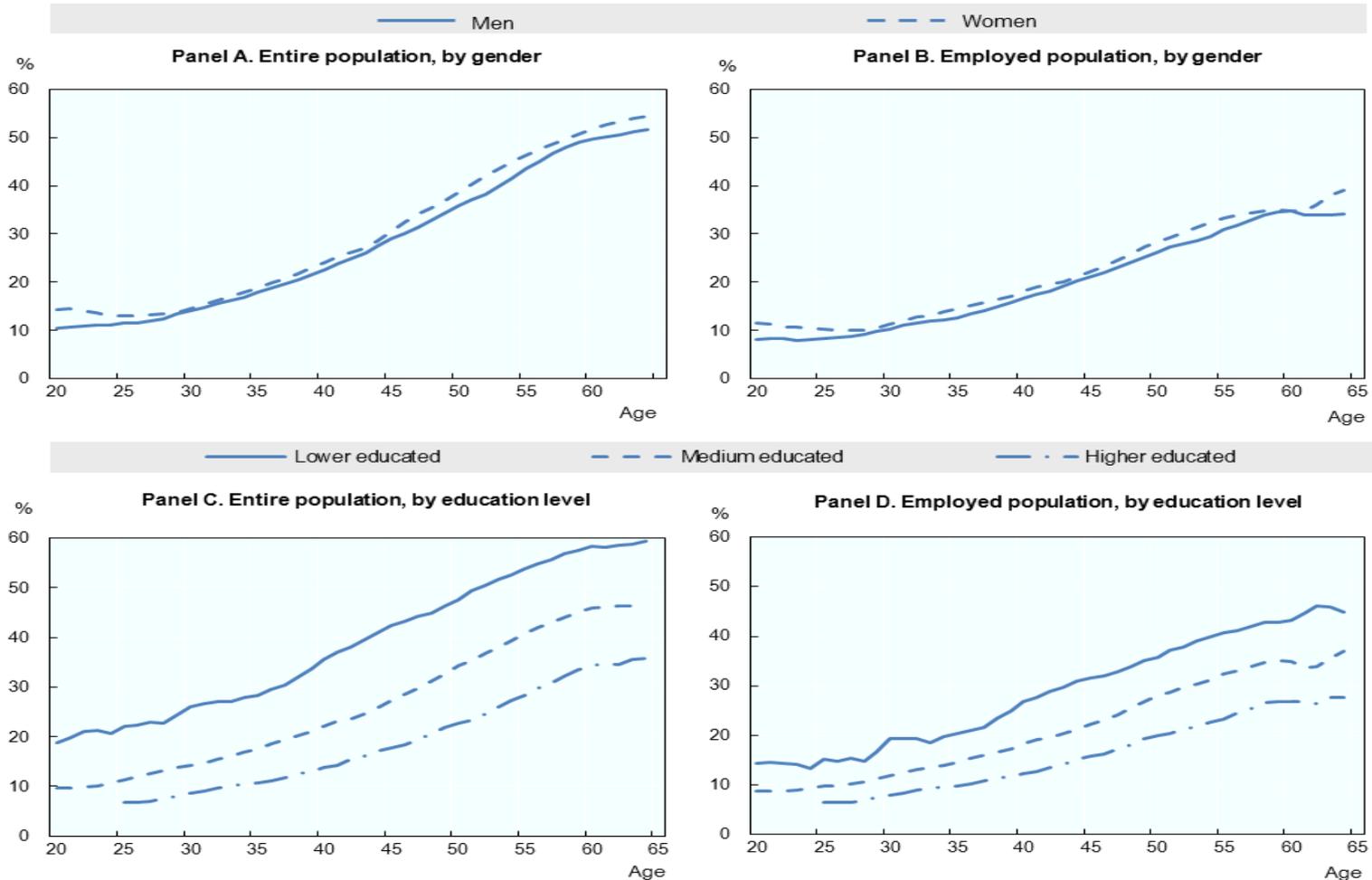


Source: OECD (2017) – Pensions at a Glance Indicator 6.3  
Poverty line is defined at 50% of the median equivalised disposable income Study data.



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

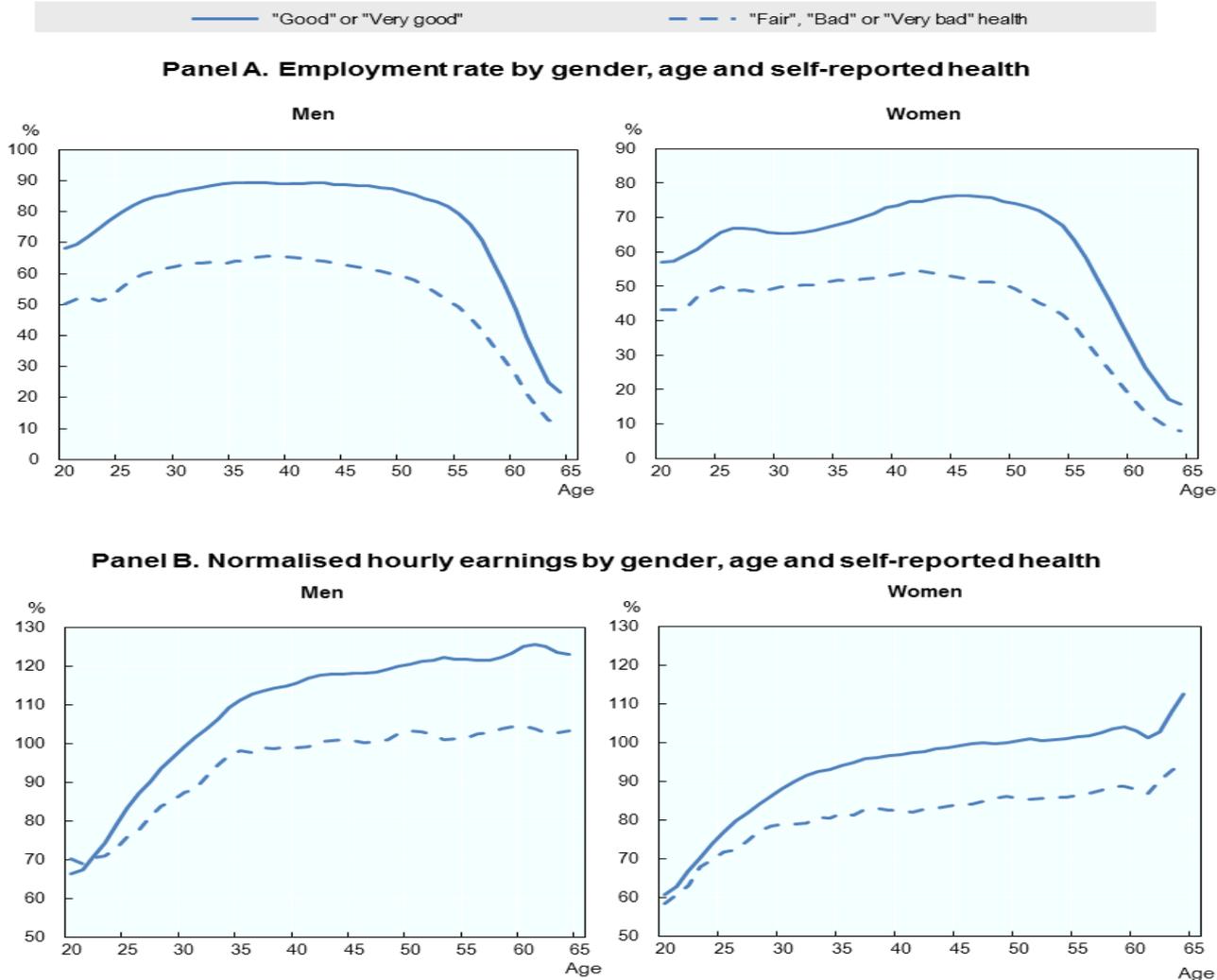
*Share of people reporting bad health by age, gender, and education*



Note: OECD calculations from microdata on 24 OECD countries.



# People in bad health work less and earn less at all ages

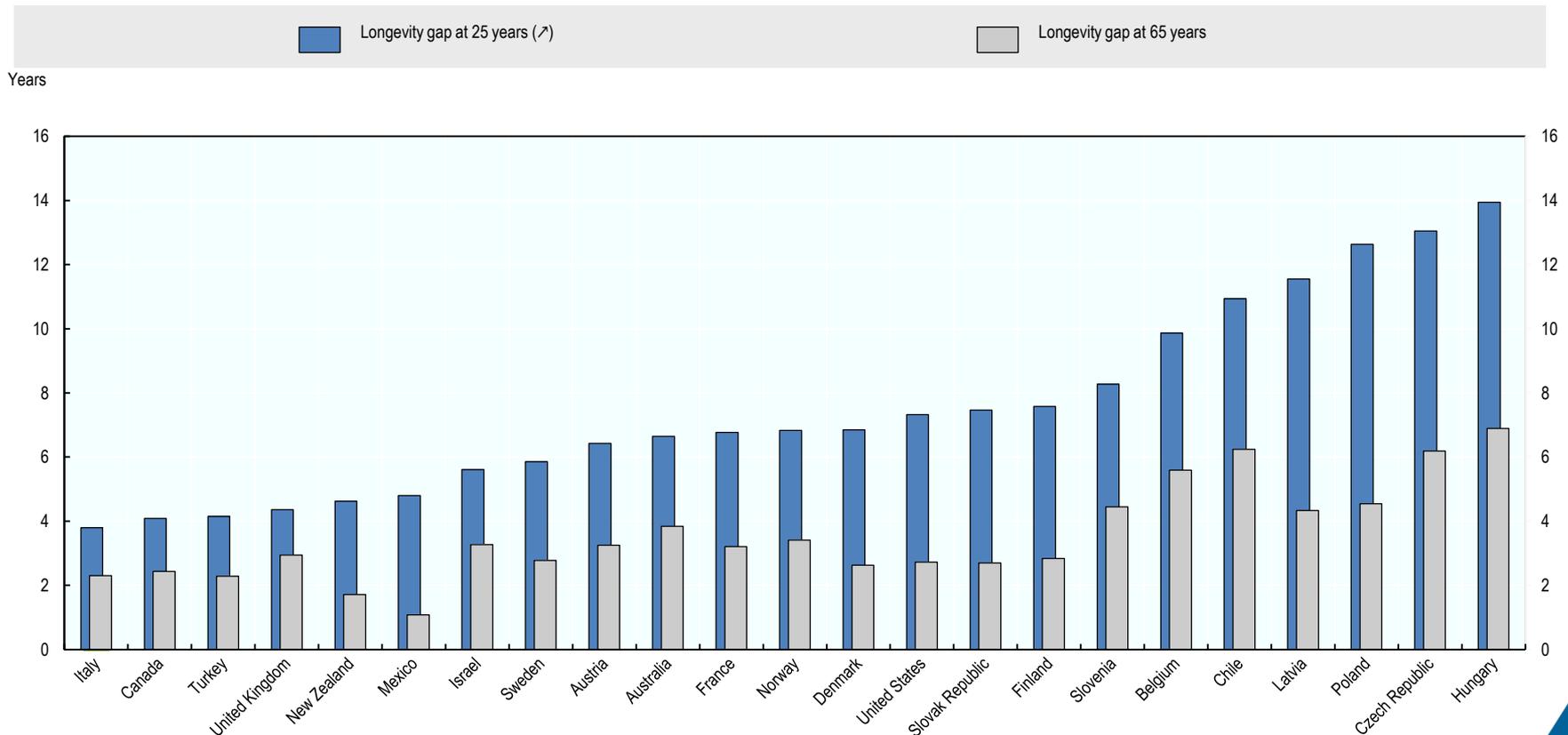


Note: OECD calculations from microdata on 24 OECD countries.



# Ageing is not an equal process. Different types of inequalities exist and compound over the life course

Life expectancy gaps between high and low educated groups at ages of 25 and 65 are large, Males, around 2011, in years



Source: OECD (2017) - Preventing Ageing Unequally based on OECD estimates.



# Given poor health performance over the last decades ...

- Remaining life expectancy is increasing from the trough reached at the beginning of the century
- But Russia is likely to continue to lose grounds relative to OECD countries, especially for men

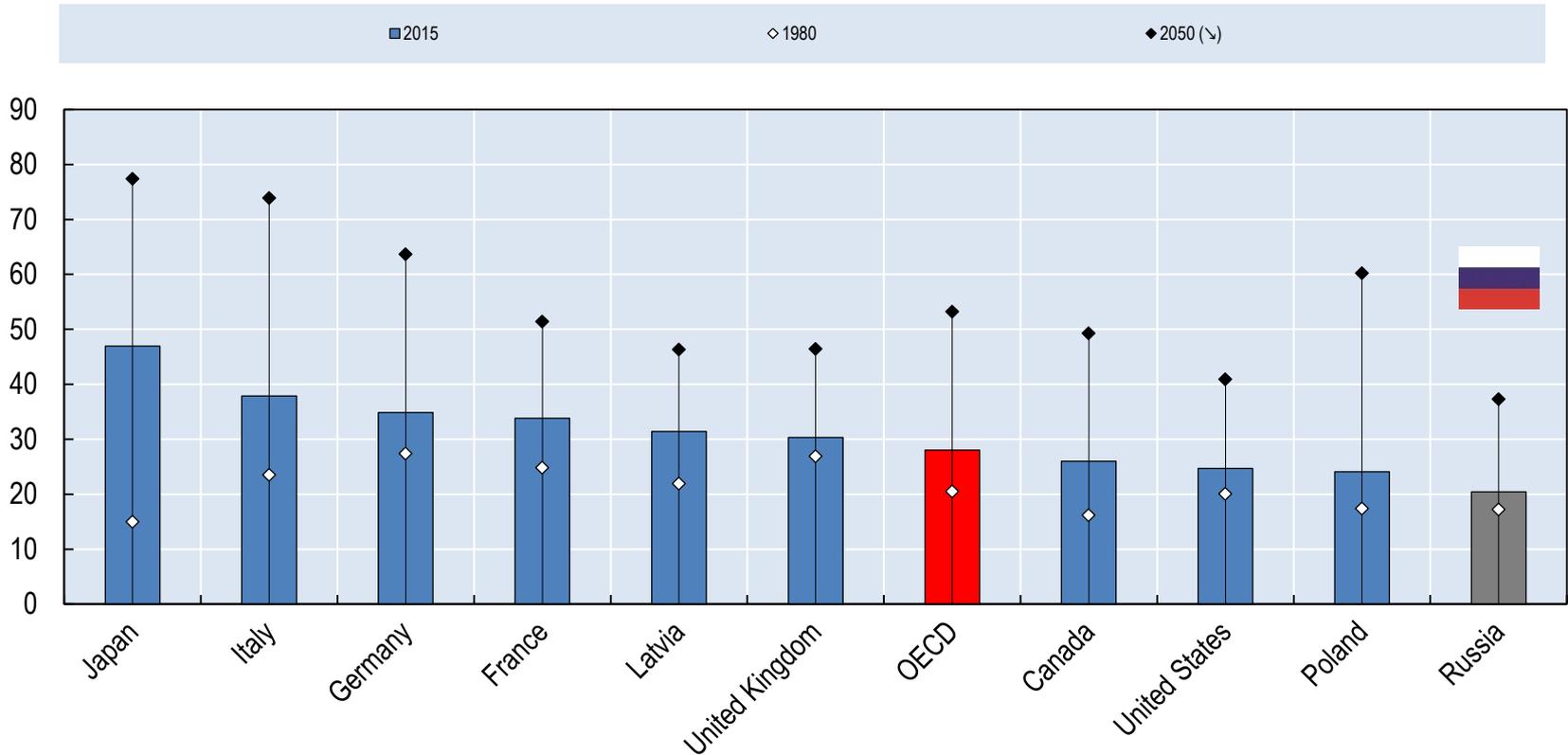
## *Remaining life expectancy at 65, in years*

	OECD average		Russia	
	Men	Women	Men	Women
1970-1975	12.8	15.9	11.8	15.2
2010-2015	17.4	20.8	12.9	17.1
2050-2055	21.8	24.5	15.0	20.2



# ... ageing was delayed, but will accelerate although from lower levels

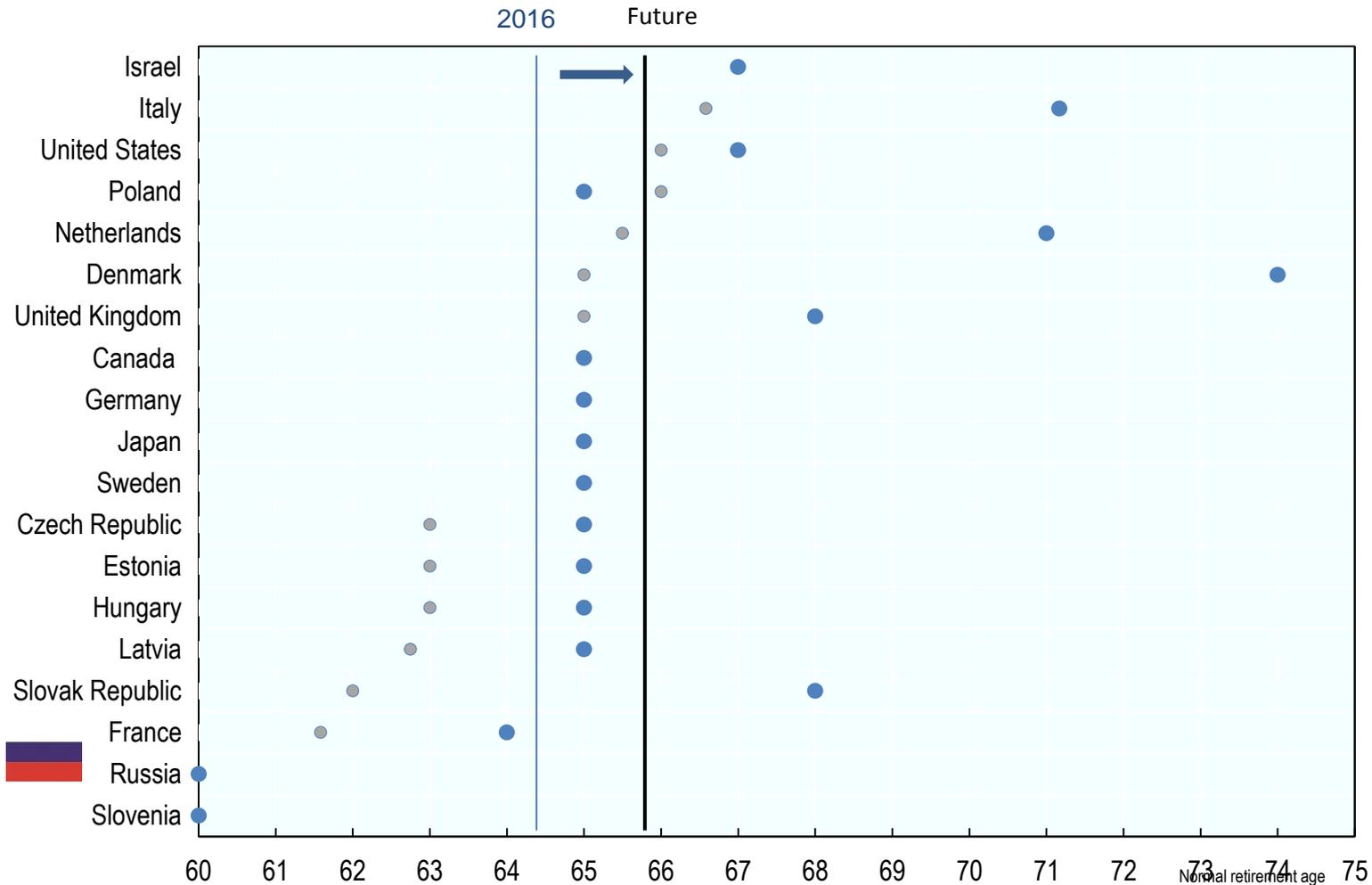
Number of people aged 65+ per 100 people of working-age (20-64)





# Normal retirement age

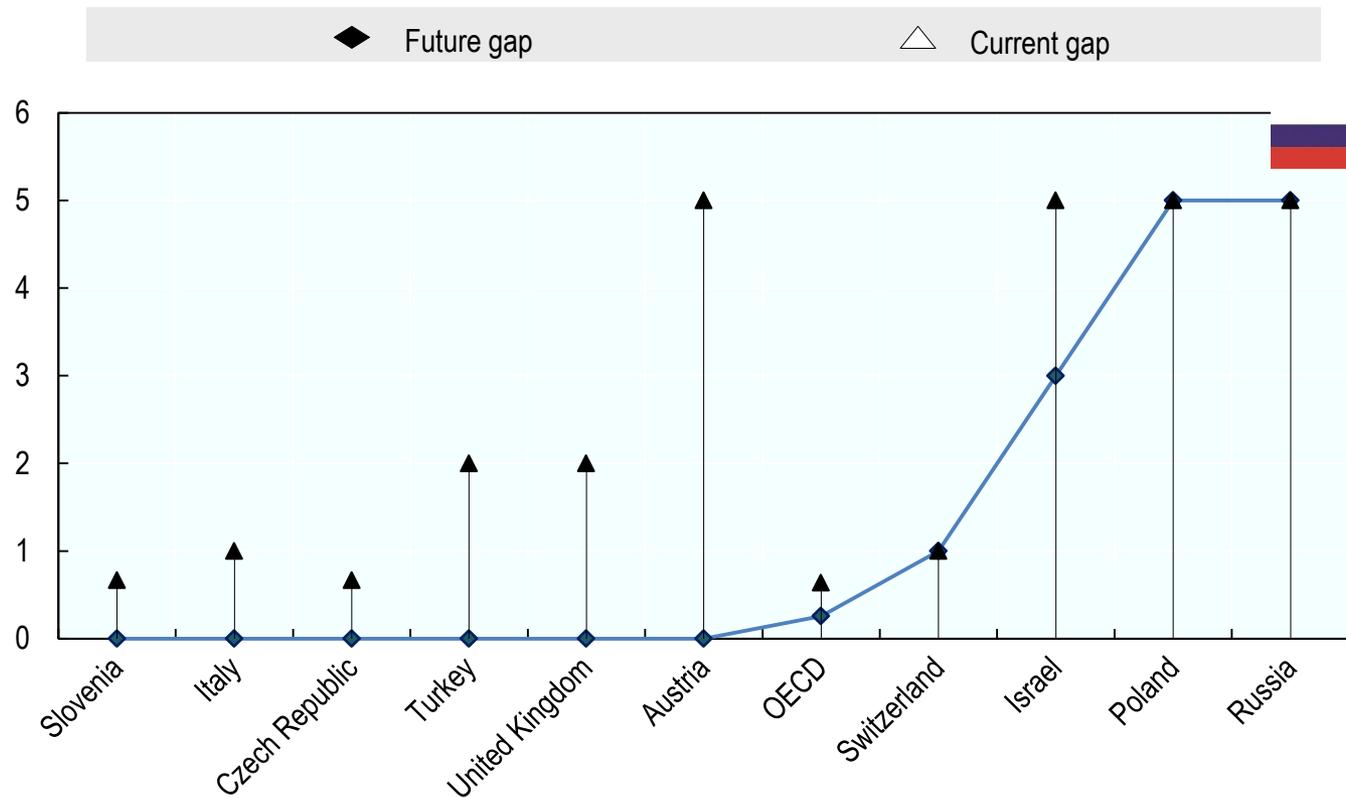
*full career from age 20 for men in the private sector*





# Few remaining countries where retirement age differs between men and women

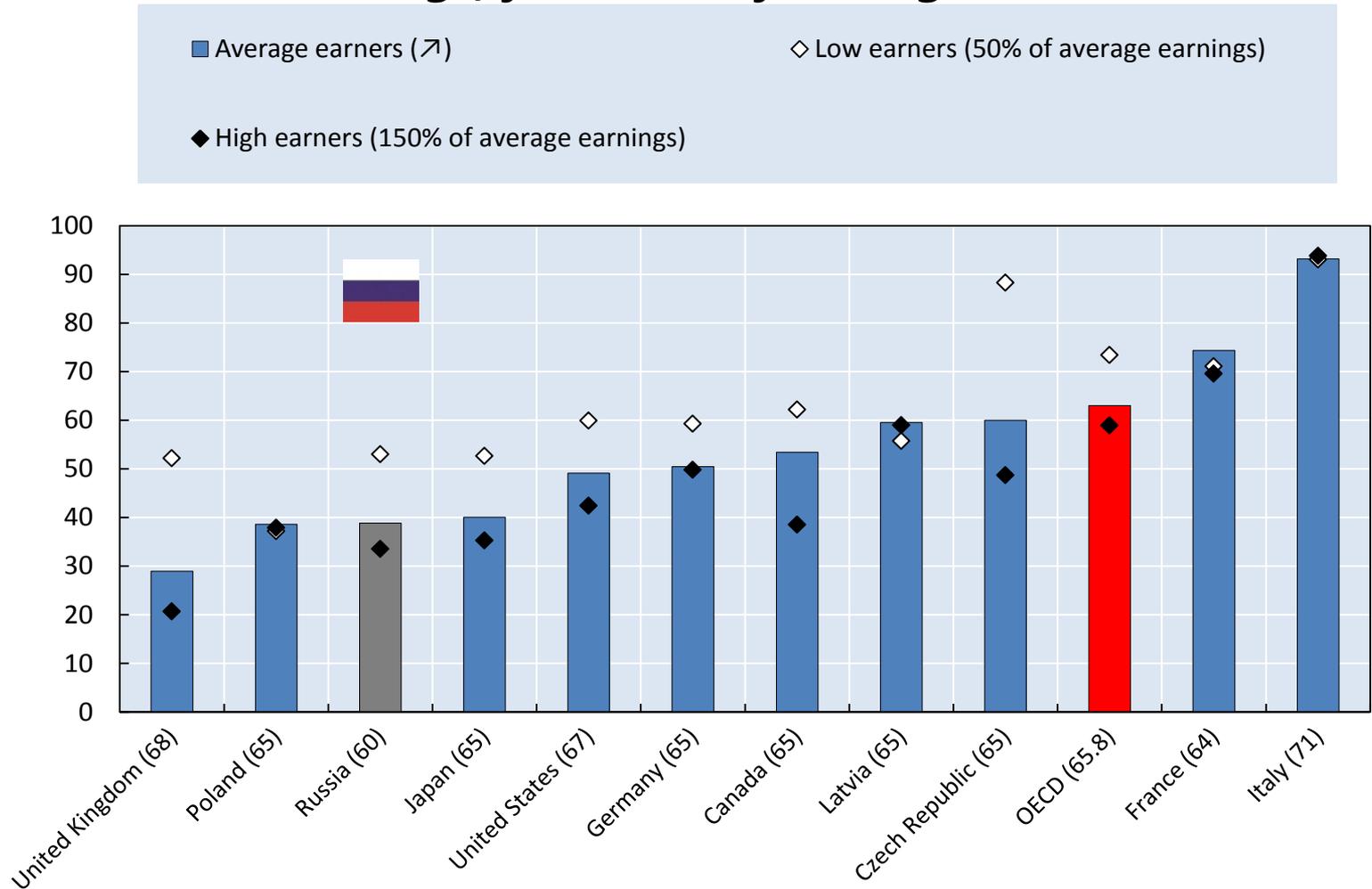
Retirement gender age gap currently and in the future, years



# Pension prospects for private-sector workers are unfavourable in Russia

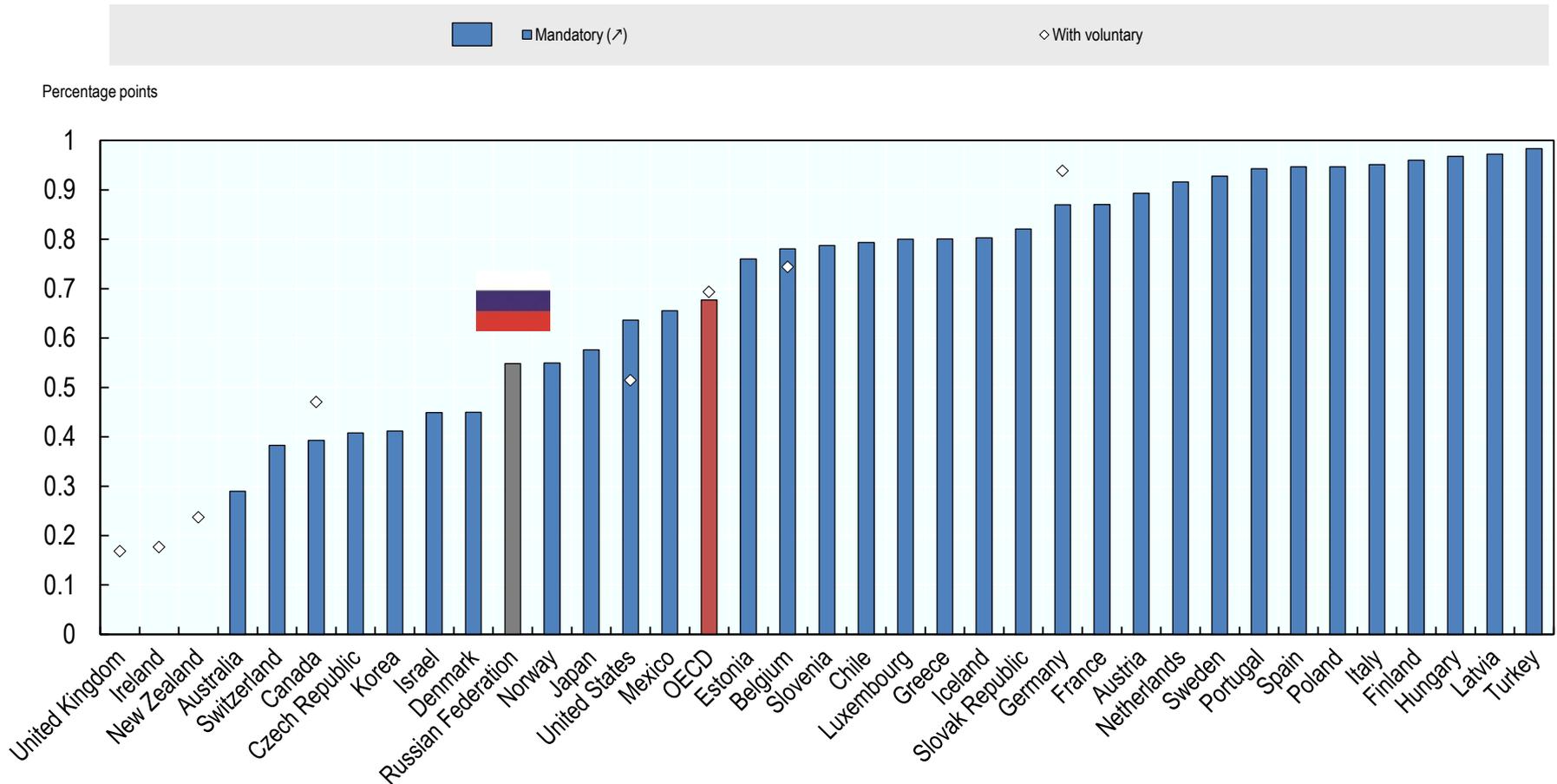
## Future net replacement rate

*% last earnings, full career from age 20 in 2016*



# Limited 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



# A fragmented pension system

## *Institutional arrangements for civil service pensions vs private sector workers*

Fully integrated	Separate but similar benefits	Fully integrated with top-up	Entirely separate
Chile (1981) Czech Republic Estonia Greece (2011) Hungary Israel (2002) Italy (1995/2008) Japan (2015) Latvia New Zealand (2007) Poland Portugal (2006) Slovak Republic Slovenia Spain (2011) Switzerland Turkey (2006)	Finland (1995) Luxembourg (1999) Netherlands Sweden	Australia Austria (2004,2009) Canada Denmark Iceland Ireland (1995) Mexico (2007) Norway United Kingdom United States (1984)	Belgium France Germany Korea Russia 

# ***Conclusion***

- Much more efficient to fight inequality at early stages (health, education, employment, etc.) rather than trying to remedy their consequences during retirement
- Health remains a priority in Russia: health policies to prevent, mitigate and cope with inequalities should be combined
- Significant socio-economic differences in life expectancy strengthen the case for income redistribution within the pension system
- Russian pension system: progressivity limits the impact of wage inequality on pension inequality
- Gender gaps are huge
- Pension system is very fragmented, generating substantial inequality



Pensions at a Glance  
Pensions at a Glance  
2013

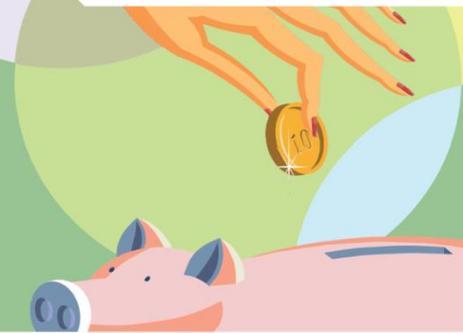
OECD AND G20 INDICATORS

Pensions at a Glance 2015

OECD AND G20 INDICATORS

Pensions at a Glance 2017

OECD AND G20 INDICATORS



 OECD



Preventing Ageing Unequally



 OECD

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web pages:

<http://oe.cd/pag>

<http://oe.cd/pau2017>

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