



The Harel Center for Capital Markets Research
Coller School of Management
Tel Aviv university

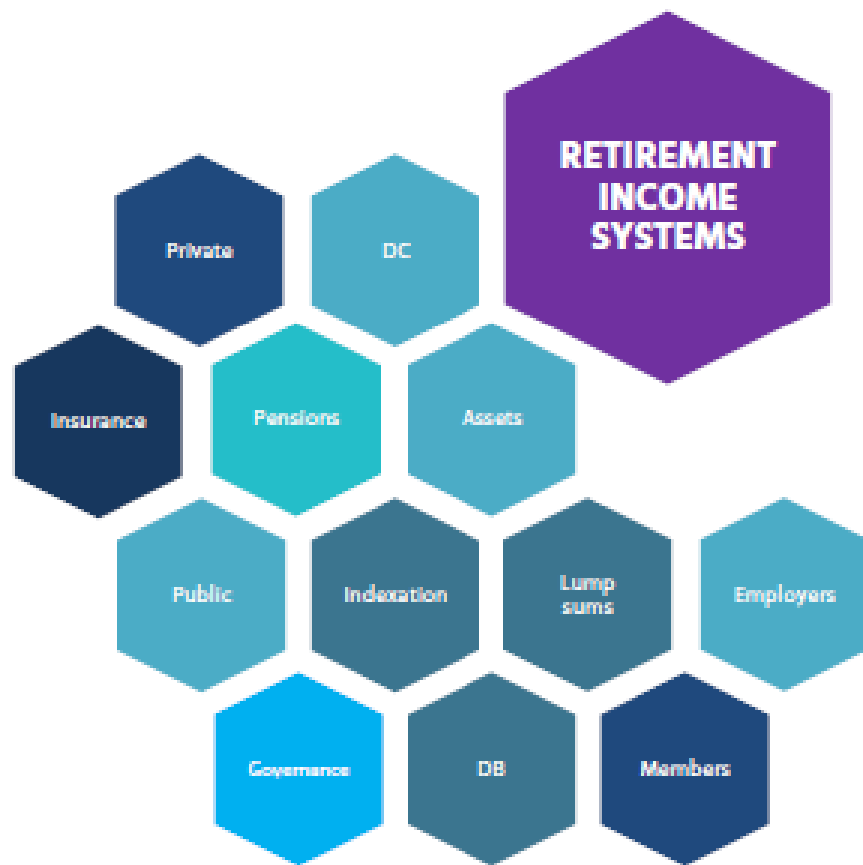
האם עמיתים יכולים לסמוך על מערכת הפנסיה בישראל?

תובנות מ-Mercer CFA Global Pension Index

פרופ' דן וייס, רו"ח
ראש מרכז הראל לחקר שוק ההון

כנס עתיד הפנסיה – מאי 2025

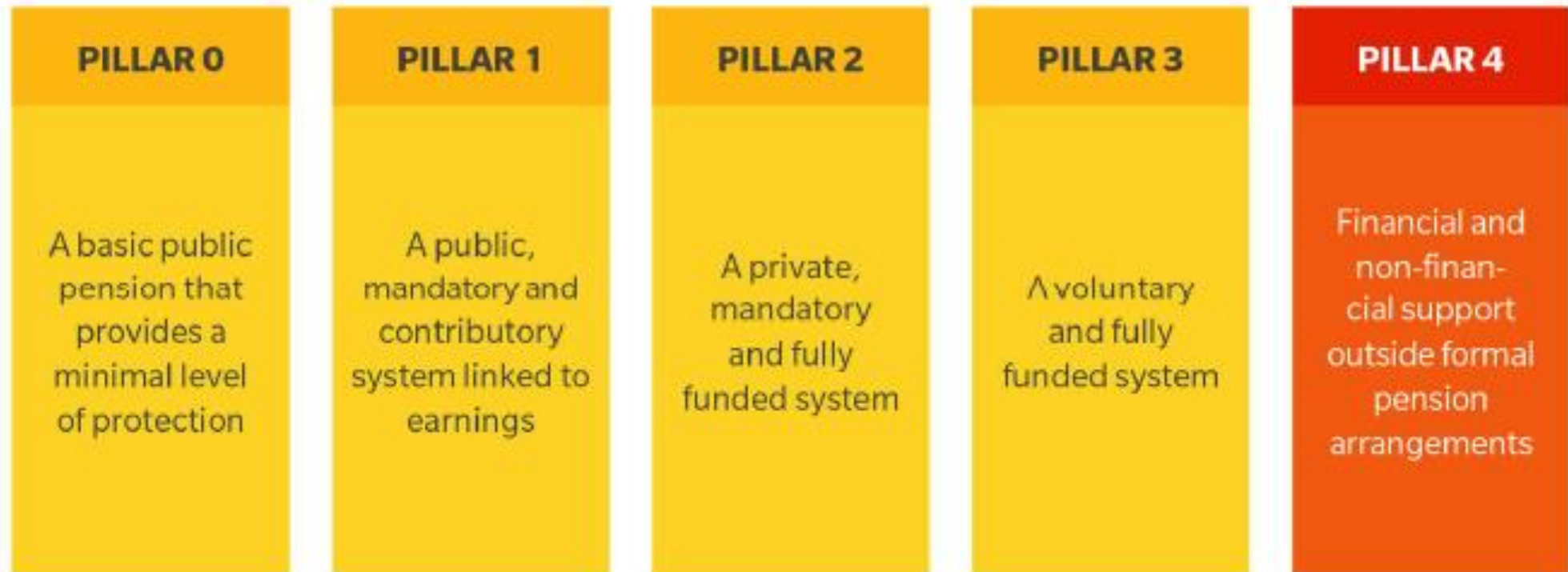
Pension systems are all different but important



בשנת 2024, בפעם
הראשונה מספר האנשים
בעולם מעל גיל 65 עבר את
מספר הילדים מתחת גיל 5.

Pension Systems – Comparison among Countries

The starting framework – World Bank model



Some Comments on the Global Pension Index

- It is comparative or relative; **not absolute**
- We use **objective data** from international agencies and each country
- Subjective elements (eg community confidence) are important but **very difficult to measure** around the world
- Some desirable data is **not available** for every system
- More than **50 indicators** used; inevitably, weightings are **subjective**
- The index represents **the overall "system"**, not
 - what an individual may receive
 - the best pension fund available

Three Fundamental Questions



ADEQUACY

What do you get?

הלימות



SUSTAINABILITY

Can it keep delivering?

קיימות

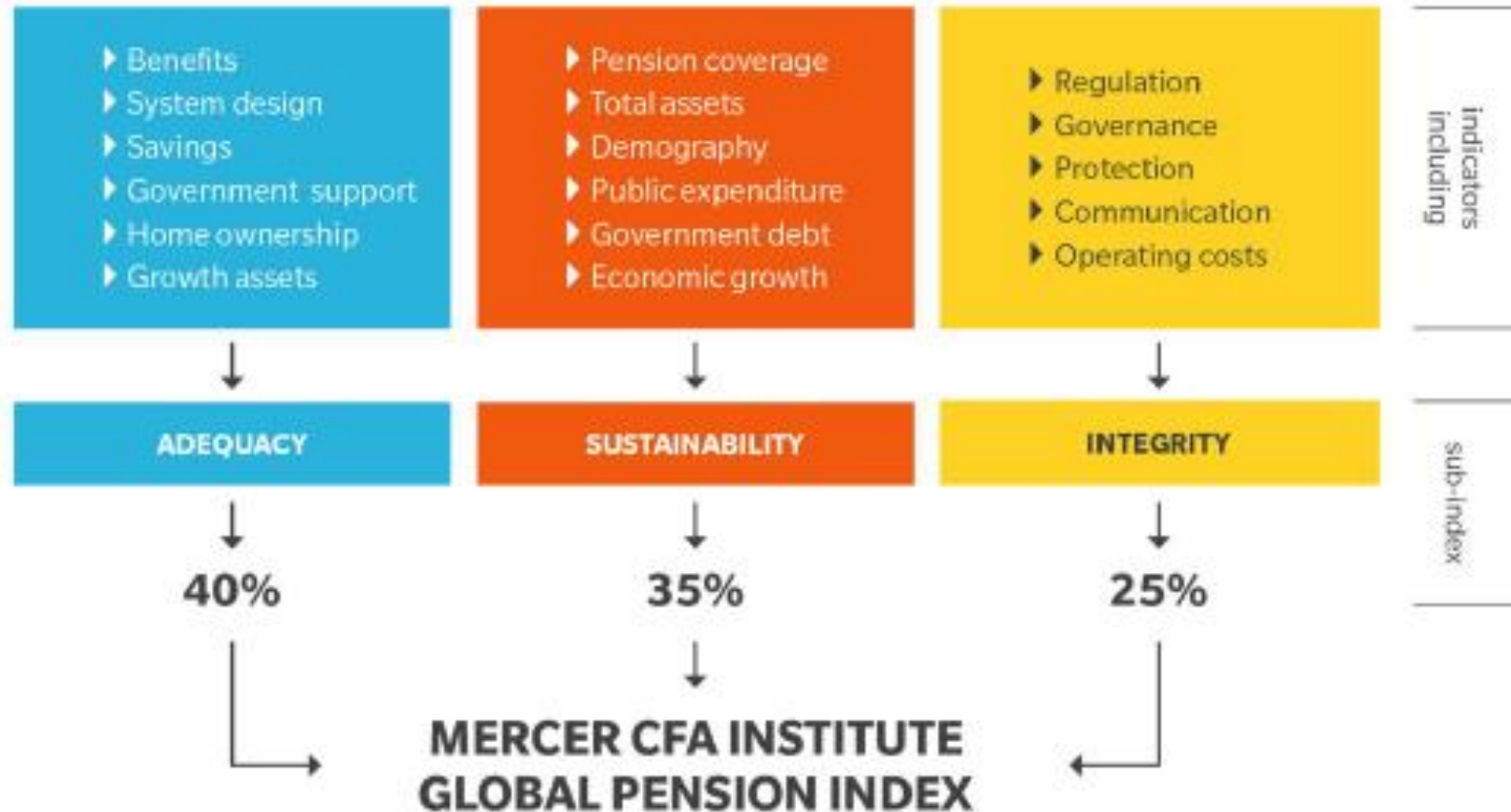


INTEGRITY

Can it be trusted?

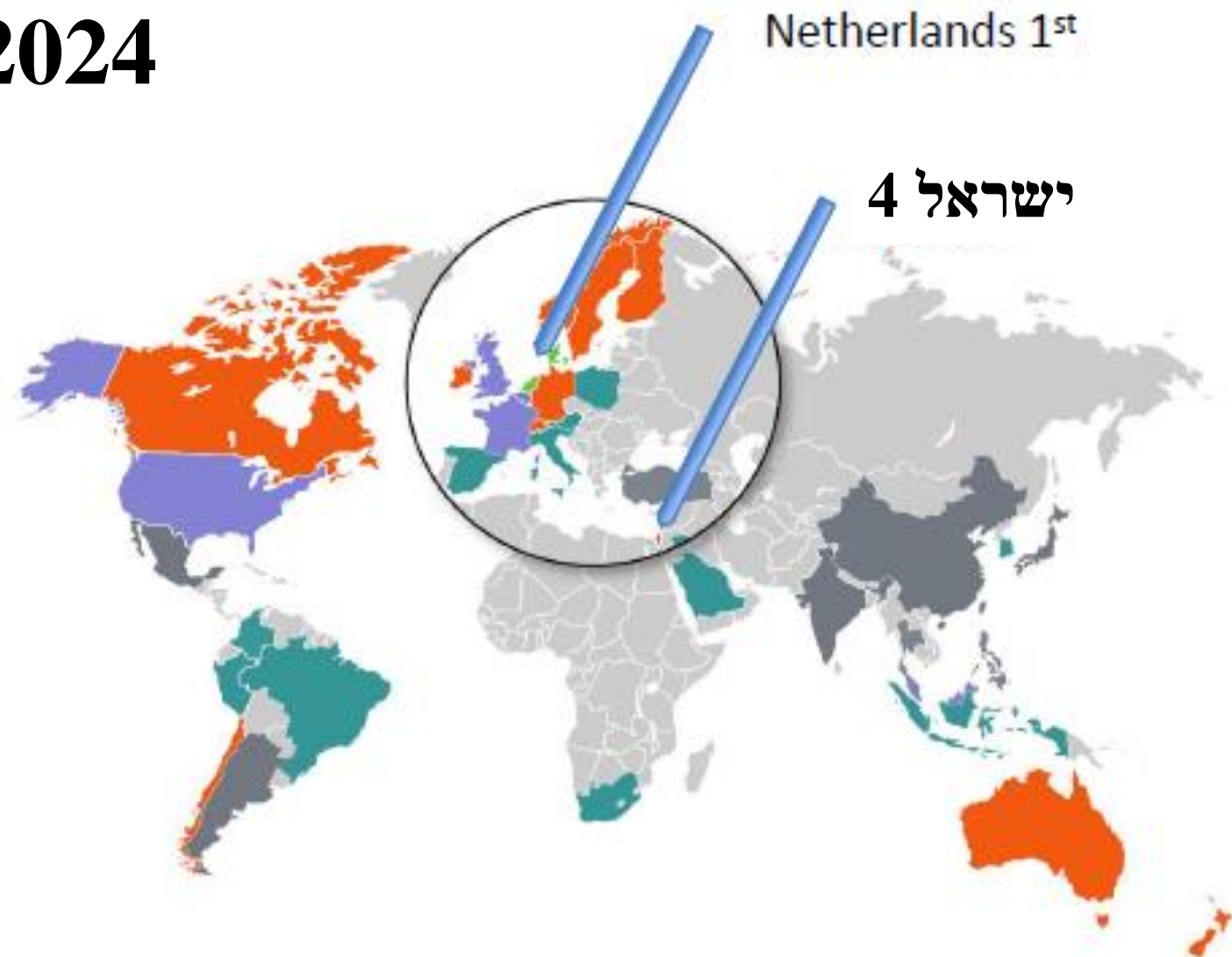
אמינות

Calculating the Global Pension Index



Results for 2024

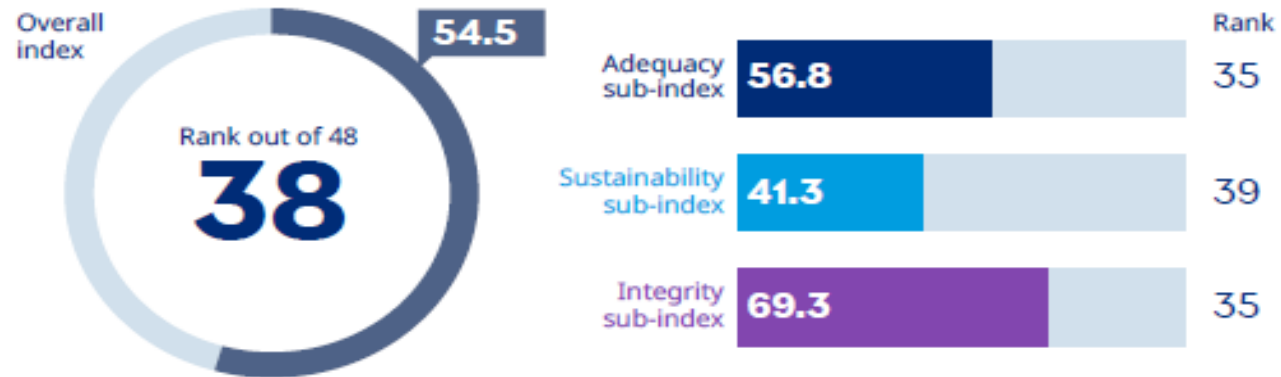
Grade	Index Value
A-	>80
B+	75-80
B	65-75
C+	60-65
C	50-60
D	35-50
E	<35



Summary of the 2024 Results – 48 Countries



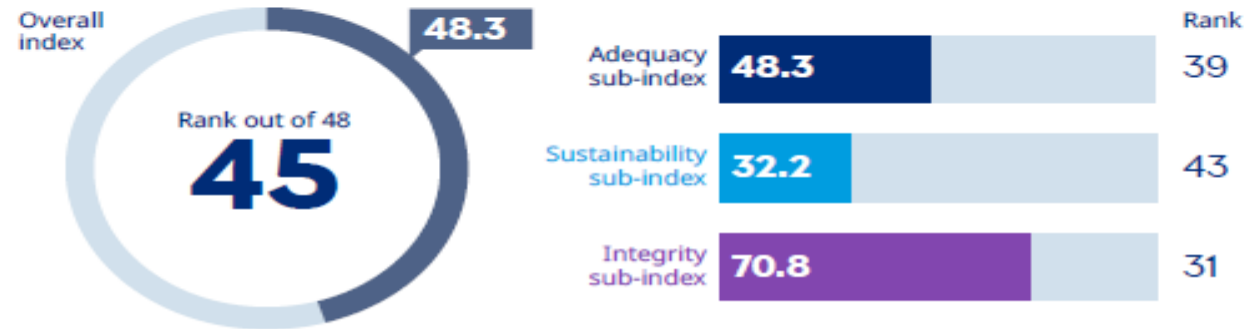
Grade	Index value	Systems		
A	>80	Netherlands Iceland Denmark Israel		
B+	75–80	Singapore Australia Finland Norway		
B	65–75	Chile Sweden UK Switzerland Uruguay	New Zealand Belgium Mexico Canada Ireland	France Germany Croatia Portugal
C+	60–65	UAE Kazakhstan Hong Kong SAR Spain	Colombia Saudi Arabia USA	
C	50–60	Poland China* Malaysia Brazil Botswana	Italy Japan Peru Vietnam Taiwan	Austria Korea (South) Indonesia Thailand
D	35–50	South Africa Türkiye Philippines	Argentina India	
E	<35	Nil		



Vietnam's retirement income system comprises a social security system. There are voluntary occupational corporate and individual pension plans, but since they are relatively recent developments, their coverage is low.

The overall index value for the Vietnamese system could be increased by:

- Increasing the minimum level of support for the poorest aged individuals
- Expanding the coverage of employees in occupational pension schemes, thereby increasing the level of contributions and assets
- Increasing the level of individual contributions that are invested through the private pension arrangements



Türkiye's retirement income system comprises an income-tested public pension and an earnings-related public scheme. There are voluntary private pension systems that people can join to supplement their income in retirement, but coverage is low. There are also auto-enrollment plans in which employee contribution is mandatory but with the right to opt out at any time.

The overall index value for the Turkish system could be increased by:

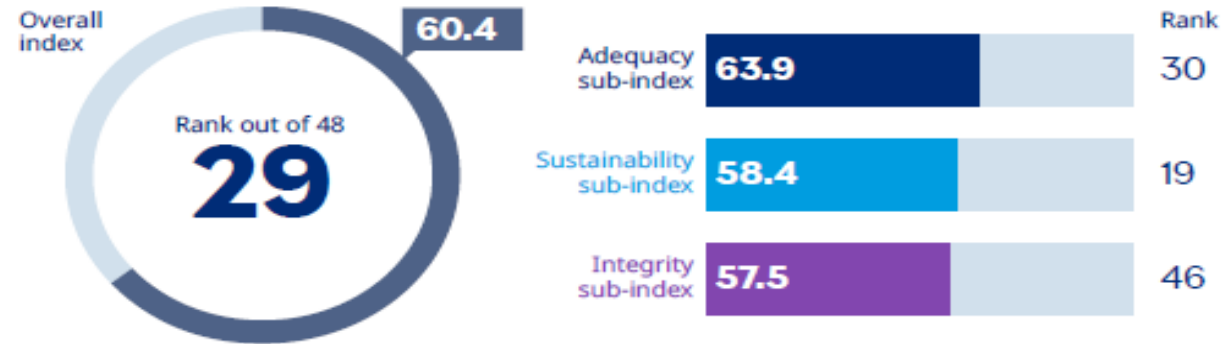
- Increasing the minimum public pension provided to the poorest aged individuals
- Expanding the coverage of employees in occupational pension schemes, thereby increasing the level of contributions and assets
- Introducing a requirement that part of the retirement benefit be taken as an income stream
- Reducing preretirement leakage by limiting the access to private pension funds before retirement



United States of America (US)



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The US retirement income system comprises a social security system with a progressive benefit formula based on lifetime earnings, adjusted to a current-dollar basis, together with a means-tested top-up benefit and voluntary private pensions, which may be occupational or personal.

The overall index value for the US system could be increased by:

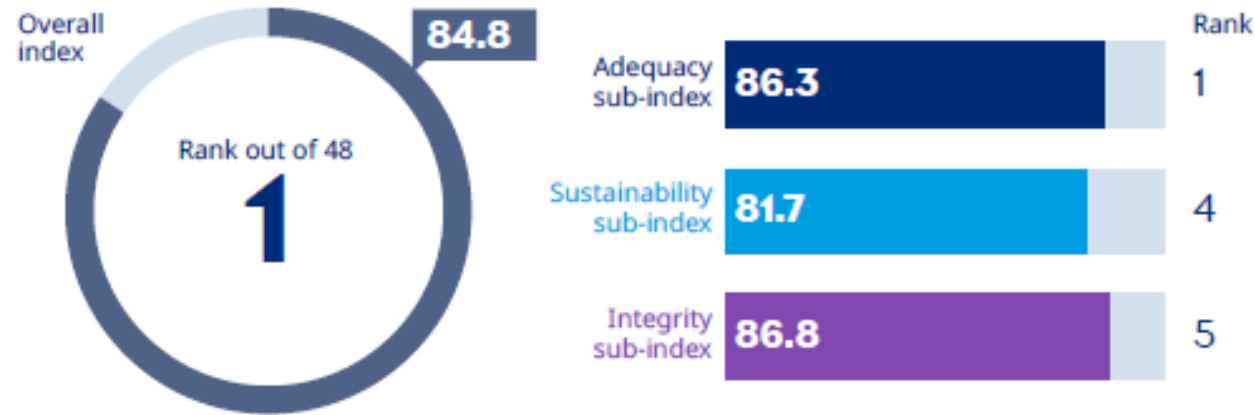
- Raising the minimum pension for low-income pensioners
- Improving the vesting of benefits for all plan members and maintaining the real value of retained benefits through to retirement
- Reducing preretirement leakage by further limiting access to funds before retirement
- Introducing a requirement that part of the retirement benefit be taken as an income stream



The Netherlands



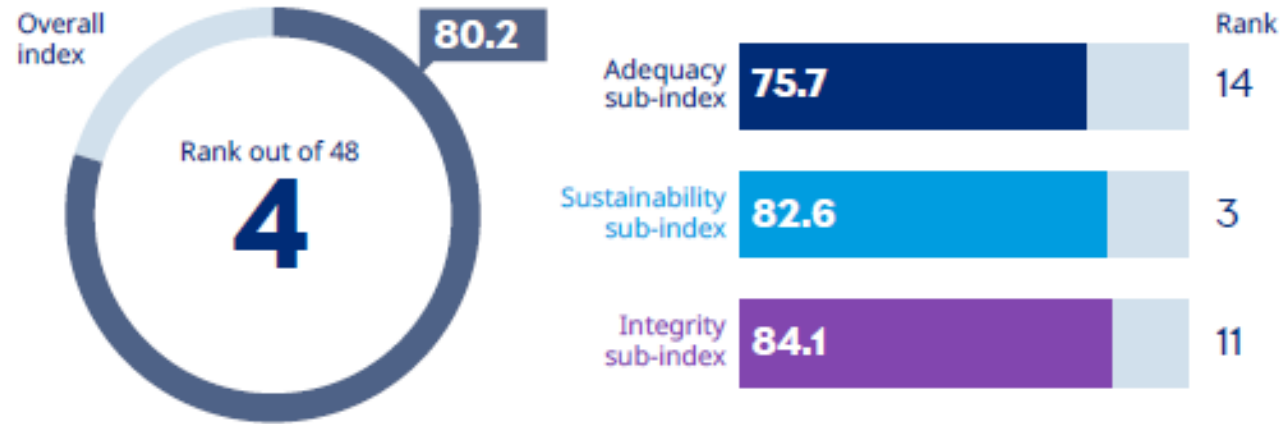
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The Netherlands' retirement income system comprises a flat-rate public pension and quasi-mandatory earnings-related occupational pension schemes linked to industrial agreements.

The overall index value for the Dutch system could be increased by:

- Reducing the level of household debt
- Introducing a carer's pension credit for those caring for young children
- Providing greater protection of members' accrued benefits



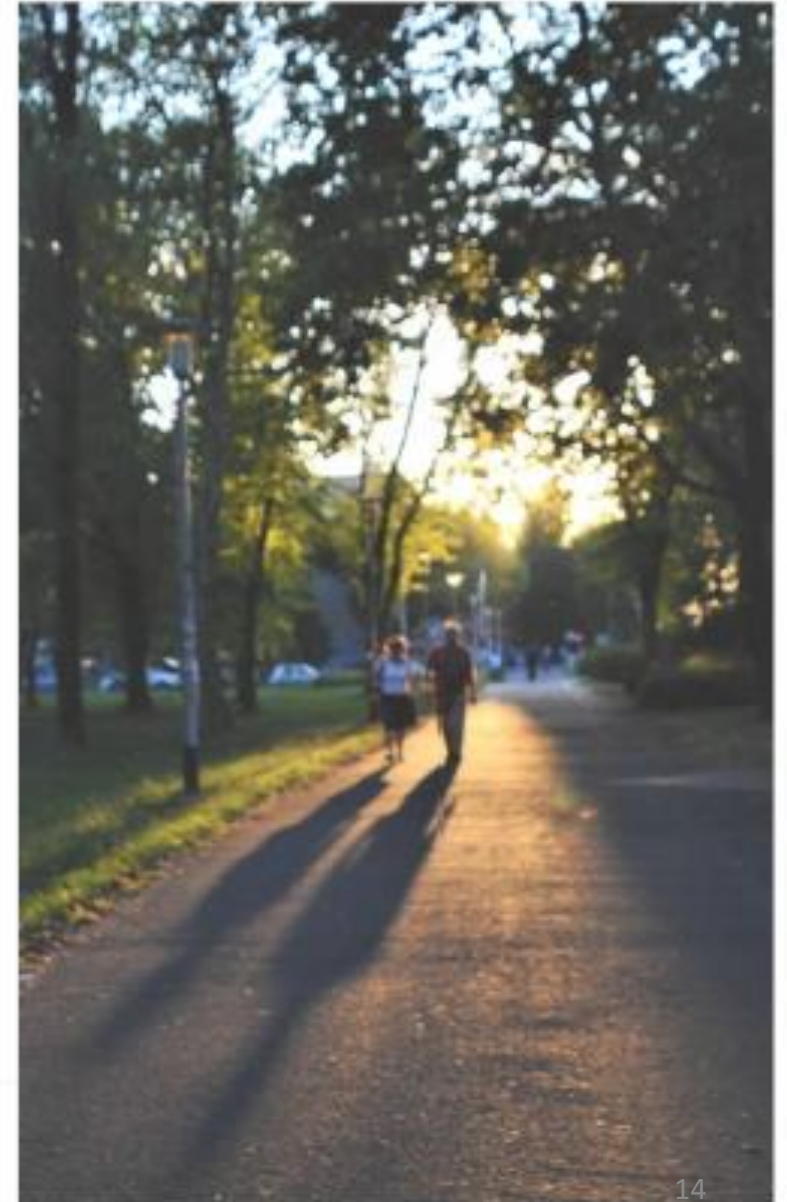
Israel's retirement income system comprises a universal state pension with an income-tested supplement and private pensions with compulsory employer and employee contributions.

The overall index value for the Israeli system could be increased by:

- Reducing government debt as a percentage of GDP
- Improving protection for members of private pension plans in the event of mismanagement or fraud
- Introducing a carer's pension credit for those caring for young children

Global Pension Reforms are Needed

- Increase **coverage**
- Increase the **state pension age**
- Promote higher **labour force participation** at older ages
- Reduce the **leakage**
- Encourage higher levels of **private saving**
- Improve **governance** and **transparency**
- Reduce the pension **gender gap**



My Take Away



Israel's pension system is a world leader...

... preserve it ...

... and make it even better!