Abstract

The retirement systems worldwide are always effectively supported by four pillars of:

- Social security or social assistance, i.e., some form of a universal public system of pensions or pension-like benefits, created as a social insurance system, or a welfare benefits system delivering results similar to social insurance.

- Occupational pensions, where delivery of pension benefits for individuals is provided, supported and guaranteed by employers, with possible support of private insurance companies.

- Savings, where individuals save and invest for their own retirement, of course using financial intermediaries, including private insurance companies, which can provide increased security of their benefits and mitigate longevity risk.

- Continued employment, with barriers to partial employment that have existed worldwide, either from governments or from employers, reduced or even removed.

A system based on four pillars should provide greater security and stability, as any slack in the benefits provided by one of the pillars can be made up by the other pillars.

However, the Credit Crisis of 2008, and the subsequent Sovereign Debt Crisis in Europe, have revealed many weaknesses and vulnerabilities of global pension system. In fact, a case can be made for saying that all four pillars of retirement systems have been sabotaged by political, economic, and societal forces.

In this presentation, we will discuss challenges for the global retirement systems resulting from this situation, point out factors contributing to the gravity of the problem, such as demographic imbalances within countries and globally, unsustainable public spending trends, and disappointing economic growth of ageing societies. We will also propose some ideas for harmonization of the four pillars of retirement system, which can contribute to resolving the issues facing global retirement systems.