

THE IMPACTS OF POST-1996 REFORMS OF THE CZECH PAY-AS-YOU-GO PENSION SYSTEM ON INDIVIDUAL PENSIONS

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ONDŘEJ SCHNEIDER AND JIŘÍ ŠATAVA¹

Abstract

This study aims to quantify the difference in benefits of the pension system by comparing the situation that there had been no modifications made to the pension system after 1996, and the situation as it stands in 2013 and assuming a model in which there will be no further modifications made in the future. Parametric modifications of the pension system after 1996 have had very negative impacts on all income groups of the population. The impact on individuals ranges to hundreds of thousands or more. The significantly lower attractiveness of the pension insurance is primarily caused by a considerably higher retirement age. This means that individuals are, in the vast majority, paying pension insurance several years longer and are receiving the pension for several years less. Although the higher retirement age leads to a modest growth in the value of the actual monthly pension, it in no way compensates for the significant decrease of the pension insurance benefit. According to the historical analysis and experience, the pay-as-you-go pension system may not guarantee as much security for the future as it is perceived and presented.

[Download](#) the complete study (in Czech only).

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