Despite recent reforms, the ageing of society, changes in employment and unfavourable interest rate developments are putting the pension system under severe pressure. We are developing reform proposals on how sustainable old-age provision can be organised and poverty among the elderly can be avoided in the future.

Our current pension system is not sufficiently prepared for the ageing of our society, the changes in the world of employment and the changed situation on the capital markets. Key questions are therefore how the financial sustainability of the old-age pension system can be guaranteed and, at the same time, how poverty among the elderly can be countered more effectively in the future.

Long-term projections show that a renewed rapid increase in the contribution rate is imminent from 2025 onwards. At the same time, the pension level will fall. This development is problematic in several respects. Rising contribution rates can further increase the cost of labour and thus make employment less
attractive. A drop in pension levels and the increasing spread of unstable employment biographies and low incomes may also lead to an increase in the number of pensioners whose retirement income is no longer sufficient to secure their accustomed standard of living.

For example, our latest study on the future development of old-age incomes shows that, despite further positive employment developments, one in five new retirees could be at risk of poverty in 2036 if suitable measures are not taken in the coming years. People with interrupted employment histories, the low-skilled, the self-employed, the long-term unemployed, the chronically ill and single women will be particularly hard hit by the increase in old-age poverty in the future.

Finally, this development calls into question the acceptance of the old-age pension system, particularly among the younger generations, who are making ever higher contributions but expect only comparatively low pension entitlements in the future.

**Change in employment requires reform of old-age provision**

Long-term reforms are needed to reduce the risk of old-age poverty, promote employment incentives, improve transitions from working life to retirement and ensure that the pension system is financed on a sustainable, inter-generational basis.

Strengthening the second and third pillars of old-age provision – company-based and private provision – can be an important component in compensating for the declining pension level in statutory pension insurance. It is also important to discuss to what extent the coverage of the statutory pension insurance can be expanded and how the specific security requirements of risk groups can be better taken into account in the current pension system.

To prevent time in working life from decoupling from the long-term increase in life expectancy, it will be necessary to discuss how the average retirement age can continue to rise. The so-called "pension at 67" was a first step in this direction. At the same time, however, the employability of older workers must be maintained so that they can participate longer in the labour market. Further flexibilisation of the retirement age can also help to take even better account of the needs of an ageing population that will be heterogeneous in the future.

After all, the knowledge gap in this country is particularly large in terms of personal old-age provision. Current studies show that only a minority of
German citizens have a precise overview of the total expected retirement income.

As a provider of ideas and moderator of debates, we would like to make a contribution to the reform of the pension system. Scientific studies identify developments and options for action in the entire pension system and evaluate them against the background of sustainability and intergenerational justice. We use comparative studies to identify possible reform options for the German pension system. In workshops and conferences, we want to accompany the political and social debate in cooperation with other partners.

Main questions

- How will retirement incomes develop in the coming decades?
- How can an employment-friendly and intergenerationally fair pension system of the future that prevents poverty among the elderly look like?
- How can the employment opportunities and skills of older people be developed?
- How can citizens' knowledge of their own pension rights be further improved?

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