Network for Studies on Pensions, Aging and Retirement

Lessons from abroad

"The Netherlands should tell a clear, honest story regarding pensions"

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In the coming years, all those involved in the Dutch pension reform will have to communicate a crystal-clear and honest story about the transition to a new pension contract. That is one of the lessons pension experts from the independent knowledge network Netspar have learned after analysing nine other countries that have previously undergone major pension reforms.

The situation in the nine countries that were analysed cannot be compared on a one-to-one basis with that in the Netherlands, but there are certainly parallels to be drawn and lessons to be learned. For example, pension reforms often involve high, sometimes unexpected costs because some groups of society are suddenly in danger of being left out.

Three countries, three different approaches to counter unexpected costs

1. ***Denmark*** was able to cope with unexpected costs because the sector was very healthy and sufficient budget had been set aside for surprises.
2. ***Chile*** was fortunate that the economic tide was in favour during the reforms.
3. ***Sweden*** decided not to make the transition to individual pensions completely optional, thus reducing choice and costs.

Figure: The researchers analysed the international specialist literature and talked to experts in nine countries where the pension system has been reformed before. These countries are the United States, Canada, Australia, Israel, Denmark, Chile, the United Kingdom, Sweden and Belgium. (c) Netspar

Key Takeaways for the Industry

- The road to the final goal is not just a technical implementation. It is a long and winding path where pension funds, regulators, employers and other stakeholders have to build up trust among participants and employers.
- In the Netherlands, there is little room to eliminate sharp edges. We may have it technically in good shape by 2026, but society is also changing and we have to prepare for that.

Want to know more? Read the paper
'Transition to a new pension contract in the Netherlands – Lessons from abroad'