Mind the Gap: Risk and Buffer Factors Predicting Pension Adequacy in the Netherlands

"Pension adequacy is shaped by interacting personal, social, and institutional factors that accumulate across the life course and drive inequalities."

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What is the focus of the paper?

This paper examines which risk and buffer factors are associated with pension adequacy in the Netherlands. Its objective is to provide a comprehensive overview of how individuals achieve sufficient retirement income. The study uses a mixed-methods approach combining a literature review (91 studies), expert interviews, a practitioner focus group, and interviews with pensioners. Factors are analyzed using a socio-ecological framework (micro, meso, macro levels), emphasizing their interaction over the life course. The focus is on household-level outcomes within the context of labor market changes, evolving family structures, and the transition to a new pension system.

What are the key findings?

Overall pension adequacy is relatively strong but unevenly distributed. About one-third of the population does not meet the benchmark of roughly a 70% replacement rate. Women, migrants, and self-employed workers face higher risks due to lower accumulation, incomplete state pension rights, and fragmented careers. Life events such as divorce, part-time work, and health problems increase vulnerability, while assets, stable employment, and social support act as buffers. Financial literacy and behavior are important but prove insufficient to ensure an adequate income or a reasonable replacement income after retirement. Structural factors, including the pension system and labor market conditions, strongly influence outcomes. Pension adequacy results from the accumulation and interaction of multiple factors rather than a single determinant.

What are the implications?

- Policies should target combinations of risks and specific vulnerable groups instead of relying on generic measures.
- Improved communication and easier access to pension schemes are needed to reduce non-take-up and knowledge gaps.
- Pension and labor market policies must continue to account for flexible careers and self-employment to limit coverage gaps.

Want to know more? Read the paper:

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